

**Report from Audit and Integrated Governance Committee
meeting held on 24 March 2016**

Item 18h

Governing Body meeting

5 May 2016

Author(s)	Julia Newton, Director of Finance
Sponsor	John Boyington CBE, Chair of Audit and Integrated Governance Committee
Is your report for Approval / Consideration / Noting	
Noting	
Are there any Resource Implications	
Not applicable	
Audit Requirement	
<u>CCG Objectives</u>	
5. Organisational development to ensure CCG meets organisational health and capability requirements	
Principal Risk: 5.3 Inadequate adherence to principles of good governance and legal framework leading to breach of regulations and consequent reputational or financial damage	
<u>Equality impact assessment</u>	
<i>Have you carried out an Equality Impact Assessment and is it attached?</i> No	
<i>If not, why not?</i> Not applicable	
<u>PPE Activity</u>	
<i>How does your paper support involving patients, carers and the public?</i> Not applicable	
Recommendations	
The Governing Body is asked to:	
<ol style="list-style-type: none"> 1. Note the key messages in the Executive Summary 2. Receive the unadopted minutes from the 24 March 2016 meeting 	

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EXECUTIVE SUMMARY

Overall View of the AIGC's Self Assessment Exercise

AIGC discussed the results of its annual self assessment exercise using the KPMG audit committee checklist. No major issues were identified.

Annual Report from Chair of AIGC

AIGC received the annual report from the Chair of AIGC on the activities of the Committee against its agreed annual work plan. Members noted all actions on the plan had been undertaken satisfactorily. A copy of Annual Report to be shared with Governing Body members for information.

Proposed Changes to the AIGC's and Governance Sub Committee's Terms of Reference, including to create an Auditor Panel

AIGC agreed to recommend all the changes to Governing Body for approval. Governing Body received a report at its meeting on 7 April 2016.

Financial Accounts for 2015/16

The Committee received an update from the Director of Finance outlining key requirements to ensure that the CCG fulfilled its statutory responsibility to produce annual audited accounts and an annual report within the required timetable. The Committee approved the proposed accounting policies for preparation of the CCG's annual financial accounts for 2015/16 and the methodologies for estimating information where final data is not available by accounts completion date.

External and Internal Audit Technical Updates

External and Internal Audit's Quarterly Technical Updates are very helpful papers, 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 and staff to make them aware of what was available.

Internal Audit Plan for 2016/17

The CCG's Internal Auditors, 360 Assurance, presented the draft plan which had previously been discussed with the Director of Finance and other executive directors at a CET meeting. AIGC approved the draft plan.

2016/17 Counter Fraud, Bribery and Corruption Risk Assessment and Workplan

The AIGC noted that the CCG's risk register and incident reporting over the last year had been reviewed. There were no high or critical risks the CCG needed to be made aware of, however, the risks that had been identified would inform the workplan. The AIGC also noted that CCG was required to comply with standards that reinforce its responsibility for ensuring that the provider organisations it contracts to deliver NHS services have appropriate arrangements in place to counter fraud, bribery and corruption. They noted that this would be more difficult with general practice, the standards for which had not been issued yet. AIGC approved the 2016/17 work plan.

Update from Quality Assurance Committee (QAC)

Amanda Forrest, Lay Member and Chair of QAC outlined concerns about the poor attendance and in particular problems with quoracy at the last meeting. AIGC noted again that this was not acceptable and membership needed to be strengthened following the CCG Chair's review of individual Governing Body GP's roles and responsibilities.

Sheffield Clinical Commissioning Group

Audit and Integrated Governance Committee Unconfirmed minutes of the meeting held on 24 March 2016 Boardroom, 722 Prince of Wales Road

Present: John Boyington CBE, Lay Member (Chair of the meeting)
Dr Ngozi Anumba, CCG GP
Amanda Forrest, Lay Member (Chair for items 04/16(e) up to and including to item 05/16(b))
Phil Taylor, Lay Member

In Attendance: Rebecca Good, Financial Accountant, NHSSCCG
Leanne Hawkes, Deputy Director / Client Manager, 360 Assurance
Carol Henderson, Committee Administrator / PA to Director of Finance, NHSSCCG
Julia Newton, Director of Finance, NHSSCCG
Alison Ormiston, Senior Manager, KPMG
Clare Partridge, Director, KPMG
Robert Purseglove, Local Counter Fraud Specialist, 360 Assurance
Margaret Saunders, Head of Governance and Planning, NHSSCCG

Minute		ACTION
01/16	<p>Welcomes, Introductions and Apologies for Absence</p> <p>Apologies for absence had been received from Dr Leigh Sorsbie, CCG GP.</p> <p>Apologies for absence from those who were normally in attendance had been received from Tim Furness, Director of Delivery, Suzie Paradine, HR Manager, NHSSCCG, and Graham Shead, Assistant Client Manager, 360 Assurance.</p> <p>Mr Boyington welcomed Mr Phil Taylor, the CCG's newly appointed Lay Member with responsibility for governance, strategy and finance, who will take over as Chair of AIGC with effect from 1 April 2016.</p>	
02/16	<p>Declarations of Interest</p> <p>Ms Ormiston, Senior Manager, KPMG, and Ms Clare Partridge, Director, KPMG both declared a conflict of interest in item 4(v) Review of AIGC Terms of Reference and Creation of Auditor Panel (paper Bv) as this item related to determining the process for appointing the CCG's External Auditors.</p> <p>There were no further declarations of interest this month.</p>	

03/16

Minutes and Matters Arising of the meeting held on 17 December 2015

i) Accuracy

The minutes of the meeting held on 17 December 2015 were agreed as a correct record, subject to the following amendment:

Update on 2014/16 Internal Audit Plan (minute 45/15(i) refers)

Minute to read as follows:

The Client Manager, 360 Assurance, presented this report highlighting that the data quality review was under way, and also that the meeting with the Programme Management Office scheduled for 9 December had been rescheduled to early January.

ii) Matters Arising

a) Quality Assurance Committee (QAC) (minutes 42/15(b) and 50/15 refer)

Ms Forrest advised the committee that she and the Deputy Chief Nurse had met with Sheffield Children's NHS Foundation Trust (SCHFT) Chair of the trust's Clinical Governance Committee. She reported that it had been a very open and honest meeting, discussing what he aspired to take forward in terms of leadership and quality. They had agreed that it would be helpful to arrange a joint committee to committee meeting on an afternoon / early evening, which was in the process of being arranged.

Mr Boyington reminded members of the problems with some QAC meetings only just been quorate and that he had escalated this and other ongoing concerns to the CCG's Chair and Accountable Officer. Ms Forrest advised the committee that the CCG Chair had subsequently undertaken a review of individual Governing Body GPs' roles and responsibilities, which was near completion, and he would shortly be advising her of the nominated deputy for the GP Quality Lead on the committee. She also advised the committee that, at the QAC meeting on 4 March, they had also discussed increasing the membership of the committee to two lay members. In this respect, she suggested that the four lay members undertake a stocktake of their current roles and responsibilities. The outcome of both of these would be reported to AIGC in May.

AF

04/16

AIGC's Own Business

a) 2015/16 AIGC Self Assessment exercise

The Financial Accountant presented a summary of the 2015/16 AIGC self assessment exercise. She drew members' attention to section 3 that highlighted areas for further consideration, in particular that enhancing skills and

competencies would be of value for all members.

Mr Boyington advised the committee that CCG Audit Chairs were invited to attend national audit and external and internal audit training events, however, in his experience as Audit Chair, some of these had very short notice periods so it had sometimes been difficult to attend. Members welcomed his suggestion to ask the CCG's auditors to provide some training sessions, especially around conflicts of interest, perhaps before or after a formal AIGC meeting. Ms Forrest also suggested that the conflicts of interest training could also be provided as part of a full Governing Body session. The Director of Finance responded that the CCG would be very happy to provide any tailored training and that she would personally welcome any requests for individual discussions.

Dr Anumba commented that it would be nice to have a tailored induction, with ad hoc updates, and a 'keep it simple' (KIS) guide. It was about knowing what was important and what members were required to do.

The Director, KMPG, advised the committee that KPMG was undertaking a national CCG Audit Committee on line self assessment, into which she would feed the results of the CCG's self assessment. Due to the three month turn around for this, she would present comparator information on this to the May AIGC meeting. She also advised members that KPMG could provide a training session on how audit works.

CP

b) AIGC Annual Report

Mr Boyington presented the AIGC's annual report for 2015/16 and advised members that it would be presented to the Governing Body for information in May.

The Audit and Integrated Governance Committee received and noted the report.

c) AIGC Annual Workplan 2016/17

The Director of Finance presented this report which proposed the workplan for the committee in 2016/17 and advised that she had not identified any issues which necessitated a change to the plan from this year. However, she had not included the Auditor Panel as that would be treated outside of the workplan.

Mr Taylor questioned scheduling in ad hoc issues. The Director of Finance suggested that this be included as a default item if required.

Mr Taylor also welcomed an early discussion with the auditors, prior to the yearly meeting with them scheduled for December. The Committee Administrator would try and arrange this to take place prior to the meeting of the committee taking place in May.

CRH

The Audit and Integrated Governance Committee approved the workplan for 2016/17.

d) Report on Members' Attendance at Governing Body and Formal Committees

Mr Boyington presented this report. Members noted, in particular, the slight improvement in attendance at Quality Assurance Committee meetings in 2015/16 to the previous year, even though there were still ongoing concerns about quoracy at meetings.

Mr Boyington suggested that, on an annual basis, the Chairs of each Committee of Governing Body receive an unanonymised version of attendance for their respective meetings, for their review and to deal with any issues.

The Audit and Integrated Governance Committee received and noted the findings of the audit.

e) Review of Terms of Reference and Creation of Auditor Panel

Mr Boyington temporarily left the meeting at this stage. Ms Forrest took over as Chair.

The Director of Finance presented this report which proposed recommending changes to AIGC's Terms of Reference so that it could also act as the CCG's Auditor Panel to allow the selection and appointment of external auditors, which the CCG was now responsible for appointing, to Governing Body in April.

She explained that the main changes proposed were to allow AIGC to also act as Auditor Panel and were an increase in the committee's membership from two to three lay members, the quorum changed to two lay members and one GP, and changes to the section describing the role of external audit. Members also requested that reference to the Commissioning Support Unit be removed.

Subject to the amendment made, as noted above, the Audit and Integrated Governance Committee recommended to Governing Body the approval of the amended Terms of Reference which would also allow the committee to act as the CCG's Auditor Panel.

05/16

2015/16 Annual Accounts Issues

a) Agreement of Final Accounts Timetable and Plans

The Financial Accountant presented the plan and year end timetable for successful completion of the Financial Accounts 2015-16 to provide assurance to the committee that the CCG could fulfil its statutory responsibility to produce annual audited accounts. She drew the committee's attention to the key year end dates set out in section 3 which, at the time of the meeting were 9.00 am on 22 April for submission of draft unaudited accounts, and 12.00 noon on 27 May for submission of final audited accounts.

The Audit and Integrated Governance Committee:

CRH

- Noted that the CCG has prepared a detailed action plan and timetable for preparation of the annual accounts.
- Noted the key dates within the annual accounts process.

b) Annual Review of Accounting Policies

The Financial Accountant presented the proposed accounting policies for preparation of the CCGs annual financial accounts for 2015/16, and detailed the proposed basis of estimation for key areas of expenditure where actual values were not available. She drew members' attention to section 2 in particular that detailed the accounting policies that had been omitted due to no material application in relation to the financial statements. Mr Taylor, who is Chair of Sheffield Hospitals Charities Trust, questioned why Charitable Funds had been omitted. The Director of Finance explained that these did not have to be declared as the CCG was not responsible for administering its own charitable funds.

The Audit and Integrated Governance Committee:

- Noted that a full review of accounting policies had taken place.
- Approved the accounting policies for the basis of the financial accounts.
- Noted and approved the requirement to document the basis of estimation of key figures in the 2015/16 financial statements.

Mr Boyington re-joined the meeting at this stage, and resumed chairing the meeting.

06/16

External Audit

a) External Audit Technical Update

The Director, KPMG, presented this report which updated AIGC on the main technical issues which are currently having an impact on the health sector.

Mr Boyington asked how the CCG could meet the requirements of the UK Modern Slavery Act that was rated as Red, requiring action (page 5) as we should be trying to comply. The Director, KPMG, responded that further clarity was required in this regard, as she had heard of one trust that had received a legal letter stating that they did not need to complete an annual statement.

Mr Boyington asked if the CCG, as an organisation, had its views on the consultation on charging overseas visitors and migrants using the NHS in England that had ended on 7 March 2016. The Head of Governance and Planning was asked to follow up as to who in the organisation may have actioned this and, if not, if it was too late to submit a response.

Mr Taylor asked if the CCG had any actions in relation to the Lord Carter of Coles' report that set out how non-specialist acute trusts, which account for half of the health budget, could reduce unwarranted variation in productivity and efficiency across every area in the hospital to save the NHS £5 billion each year

MS

by 2020 to 2021 (page 7). The Director of Finance explained that, whilst this related to provider trusts, it was part of one of the underpinning Sustainability and Transformation Programme workstreams and she was the commissioner link into workstream. She would consider whether CCGs had any specific actions..

JN

Dr Ngozi asked if a response had been submitted to the request to health and care provider organisations to provide information on their technological capabilities for a digital maturity index. The Head of Governance and Planning was asked to follow up as to who in the organisation may have actioned this.

MS

Mr Boyington asked if updates on the above could be sent to him separately by email.

JN/MS

As always, 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 and staff to make them aware of what was available. This update would be noted in the AIGC update to Governing Body.

CRH

The Audit and Integrated Governance Committee noted the External Audit Technical Update.

b) KPMG's Audit Plan for the 2015/16 Audit

The Director, KPMG presented this report. She drew members' attention to the headlines from the audit plan and key changes in scope and approach that were presented on page 1. The Senior Manager, KPMG, highlighted the following key issues.

- i) Changes in Scope: Under the new Code of Audit Practice that applied to 2015/16 audits and beyond, there were no immediate changes to their financial statements responsibilities, but new Value for Money (VFM) audit guidance would apply with their conclusion based on one overall criterion.
- ii) Materiality: This will be calculated in the same way as previously, based on the CCG's gross expenditure, and will work to a total materiality of £12m, reporting all individual errors that were in excess of £0.6m to the AIGC.
- iii) Timeline and Approach: The timeline and approach remained in line with previous year.
- iv) Significant Risks and Other Areas of Audit Focus: One significant risk had been identified relating to accounting for the Better Care Fund (BCF), which was outlined on page 7. A meeting to discuss this had been arranged with the Director of Finance for 30 March 2016.
- v) Changes in Accounting or Reporting Standards: The two key changes were highlighted on page 7.

- vi) Changes in Deliverables: There had been no significant change in reporting deliverables.

The Audit and Integrated Governance Committee received and noted the report.

c) CCG's Plans for Recruiting People with Learning Disabilities

The Head of Governance and Planning gave an oral update and advised the committee that a strategic decision had been made to look at the options available, with the aim being to support and enable people with learning disabilities to come into a world of work. Working with an external company, Big Ambitions, and in conjunction with Sheffield City Council, the CCG had identified two possible vacancies and would now be looking to work with them to go through the selection process to identify one or more potential candidates who would be accompanied at interview by a job coach who would remain with them at the beginning of their post. They had also looked at various options on ways to fill a full time post, on a possible job share arrangement, which the company had asked if we could do on a trial period. She also advised the committee that the external organisation would organise training for us as a CCG on how to work with people with learning disabilities.

Ms Forrest asked if the remuneration package for the employee would include transport costs, etc. The Head of Governance and Planning explained that the employee would be paid the same way that all other CCG staff were, ie transport costs would not be paid, however, no-one would be economically disadvantaged.

The Audit and Integrated Governance Committee noted the update.

07/16

Internal Audit

a) Update on 2014/16 Internal Audit Plan

The Deputy Director / Client Manager, 360 Assurance, presented this report highlighting that four reports had been issued since the last meeting and, in this respect, drew members' attention to the key highlights.

The findings from the audit of the CCG's handling of complaints were summarised at section 2.2. The Audit Opinion, having completed their review, was that **Significant Assurance** could be provided that there was a generally sound system of control designed to meet the objectives of the system for handling multi-agency complaints, and that the CCG was using provider complaints to influence provider quality monitoring arrangements. However, eight proposed actions had been recommended, which had been agreed and they would follow up in due course.

The findings from the audit of the CCG's budgetary control and key financial systems were summarised at section 2.3. The Audit Opinion, having completed their review, was that **Significant Assurance** could be provided that there was a generally sound system of control designed to meet the system's objectives.

However, one proposed action had been recommended which had been agreed and they would follow up in due course.

The findings from the follow up audit of the CCG's quality monitoring of the 111 service to examine the extent to which actions agreed as a result of the initial review were summarised at section 2.4. They had identified on follow up that all actions had been implemented. The original report had been issued with **Significant Assurance**

Section 3 provided an update on work in progress on the following reviews: Intelligent Decision Making, Programme Management Office – which had been deferred until Quarter 4, Better Care Fund (BCF), Monitoring the Quality of Provision of Care in Care Homes, Information Governance (IG) Toolkit, and Medicines Management follow up. The final report from the IG Toolkit audit had now been issued, with the overall Opinion, which had been given on what they could see at that time, included in the report. The Deputy Director would forward this report to the Committee Administrator for circulation.

LH/CRH

Ms Forrest asked for clarity as to whether any issues had been raised on the audit of Monitoring the Quality of Provision of Care in Care Homes, as the performance of care homes was regularly considered by the CCG's Quality Assurance Committee. The Deputy Director responded that the draft report had only just been issued but would circulate this as soon as possible.

LH

The Audit and Integrated Governance Committee received and noted the report.

b) Draft Head of Internal Audit Opinion for 2015/16

The Deputy Director / Client Manager, 360 Assurance, presented the draft Head of Internal Audit Opinion for 2015/16. She advised the committee that, as the report had had to be submitted by 22 February, at the time of writing it had only taken into account the work that had been completed at that time within the organisation, which could possibly change as a result of any issues emerging following the conclusion of all planned work. She reported that the initial opinion was to give Significant Assurance but this would be an interim Opinion until the final submission on 22 April. She also drew the committee's attention to page 3 and the summary of their review of the operation of the Governing Body Assurance Framework (GBAF) and risk management and recommendations for the CCG to develop two areas moving forward.

The Audit and Integrated Governance Committee received and noted the report.

c) Commissioner Technical Update – Quarter 3 2015/16

The Client Manager, 360 Assurance, presented this report to the meeting. It was agreed this should be circulated and added to the intranet for information.

CRH

The Audit and Integrated Governance Committee noted the report.

d) Draft Internal Audit Annual Plan for 2016/17 and Fees

The Client Manager, 360 Assurance, presented this report. The Director of Finance advised that she had circulated the draft plan to the CCG's Executive Team for comment, which had been followed by the Client Manager's attendance at Commissioning Executive Team (CET) to present the overall areas of the plan.

The Client Manager drew members' attention to the table on page 7 which summarised the audit plan and indicative phasing for 2016/17. In particular, she advised members that it would be helpful to get some assurance about the procurement and HR systems that had transferred from the Commissioning Support Unit (CSU) to the CCG. These were also areas where the other four South Yorkshire and Bassetlaw (SYB) CCGs had not yet confirmed if they would like to contribute to get an assurance. The Director of Finance reported that she would be raising this with the SYB Directors of Finance (DoFs) the following week.

JN

The Client Manager also drew members' attention to page 9 and the three areas that were included within a number of other CCG's plans: conflicts of interests, quality monitoring arrangements, and personal health budgets.

Mr Taylor asked about the small reduction in the number of audit days from the previous year. The Director of Finance explained that it was a result of a decision to keep the same budget and hence with the increase in the price per day, two days had been removed from the plan. She advised that she felt this was reasonable given the number of contingency days but of course the need for extra days in year would be kept under review.

The Client Manager advised the committee that the longer preparation this year of the Head of Internal Audit Opinion had been taken into account in the number of days, but this could be changed once the process had been finalised. She would advise the Director of Finance of any changes in this regard.

LH

Ms Forrest asked about the audit of patient and public engagement which had no indication as to which quarter it would be undertaken in. She also suggested that it would be helpful for the auditors to speak to Professor Mark Gamsu, the CCG's lay member who chaired the Public Experience Equality and Engagement Group (PEEEG) to discuss what the scope of that audit might be. The Client Manager explained that this had been included as a last minute adjustment and would need to find out when it was appropriate to do that. The Director of Finance advised the committee that the number of audit days allocated to this should be 20, and not the 10 that had been reported.

LH

Ms Forrest also advised the committee that conflicts of interest had grown a pace around primary care. She reported that, in this respect, she and Mr Boyington had attended lay member training, mainly around conflicts of interest. The Client Manager responded that they wanted to keep this on the radar and a judgement could be made in year whether a specific audit was required.

The Audit and Integrated Governance Committee approved the draft Internal Audit Plan for 2016/17

08/16 Update report on Internal Audit Recommendations

The Financial Accountant presented this paper which provided a summary for the Committee of all the outstanding actions against recommendations agreed within finalised internal audit reports.

Main points to note were:-

Since the last meeting a final report on the complaints review, which had a medium risk, had been received. As this and the two outstanding actions brought forward from December 2015 were still ongoing they could not be excluded from the next report.

Ms Forrest commented that, with regard to the patient and public engagement recommendation relating to the CCG actively support its member practices to develop a Patient Participation Group (PPG) to ensure that all available patient feedback could be captured, there was a real push for an invitation to be sent to each of the PPGs to come together as a forum, by the end of Quarter 4. She reported that that Healthwatch Sheffield had undertaken a survey on the number of PPGs, advising that some were virtual and some real. She hoped that positive feedback could be given on progress with this by September.

With regard to the medicines management audit and the recommendation that all QIPP schemes should be reviewed and signed off by either the Chief Nurse or the Clinical Director to ensure any potential adverse effects on quality had been identified and mitigated prior to the schemes being agreed, the Director of Finance explained that this would be undertaken as part of the confirm and challenge part of the 2016/17 QIPP process.

The Audit and Integrated Governance Committee noted the progress against all the outstanding agreed actions

09/16 Counter Fraud

a) Local Counter Fraud 2015/16 Update Report including Progress Against NHS Sheffield CCG Self-Assessment Review Action Plan

The Local Counter Fraud Specialist, 360 Assurance, presented this update report and reported that they were on target to complete the plan by the end of March. The table at section 1 table showed the contract performance in respect of planned days agreed in the work plan, against actual days for the period 1 April 2015 to 29 February 2016. He drew members' attention to the key issues.

One investigation was ongoing, which was being investigated with the help of the Director of Finance and her team.

There had been quite a good take up of the Inform and Involve survey (*fraud awareness training; publicity; liaison with other departments, etc.*), thanks to the Director of Finance's intervention. This was a key piece of work that would enable them to demonstrate effective outcomes.

He was working closely with the Head of Governance and Planning on actions relating to the self review tool (SRT) and was of the opinion that the rating had now changed to Amber from Red, and could move swiftly to Green.

A couple of local reports had been sent out to staff and member practices relating to Prevent and Deter and potential frauds occurring in the NHS, local scams and alerts. The CCG's policies had been reviewed to ensure that the requirements to meet local counter fraud standards were in place. A circular (attached at Appendix B) had been released by NHS Protect and provided an update on the outcomes of a review of NHS Protect's functions and services, which would shortly be moving to an operation model that no longer includes the direct provision of support. Further information on this would be released in due course.

Finally, he advised the committee that he would be happy to participate in any training for members of the committee and Governing Body.

The Audit and Integrated Governance Committee received and noted the report.

b) Local Counter Fraud 2016/17 Fraud, Bribery and Corruption Risk Assessment Work Plan

The Local Counter Fraud Specialist (LCFS) presented this report and advised the committee that it was a risk based plan and a live document that would evolve over the year. He drew their attention to the key highlights.

The CCG's risk register and incident reporting over the last year had been reviewed. There were no high or critical risks the CCG needed to be made aware of, with the risks that had been identified informing the workplan. He was proposing that a similar level of resource they had provided in previous years.

Mr Taylor raised the issue of the CCG being required to comply with standards that reinforce its responsibility for ensuring that the provider organisations it contracts to deliver NHS services have appropriate arrangements in place to counter fraud, bribery and corruption, and commented that would be more difficult with general practice. The LCFS advised that, although there would be a requirement for all providers to comply with standards, these had not been issued yet. He would discuss this further with the Director of Finance.

The Audit and Integrated Governance Committee approved the Local Counter Fraud 2016/17 Fraud, Bribery and Corruption Risk Assessment Work Plan.

RP

Governance – Key Issues for Audit and Integrated Governance Committee**a) Review of Standing Orders, Prime Financial Policies and Detailed Financial Policies**

The Financial Accountant presented this report that updated the committee on the annual review of the CCG's Reservation and Delegation (SRD), Prime Financial Policies (PFP) and Detailed Financial Policies. She drew the committee's attention to the main highlights.

The main change to the Prime Financial Policies had been to remove reference to the CSU.

The Head of Governance and Planning had reviewed the Standing Orders and recommended no changes to be made.

The detailed financial policies had been reviewed. Some changes had been made to the Tendering Policy, and, mainly to references to the CSU. The Budget Management Policy and operational scheme of budgetary delegation had been changed in respect of primary care co-commissioning arrangements in place from 1 April 2016, especially reflecting that NHS England staff would have access to the CCG's journals. Minor changes had been made to the operational scheme of delegation that included removing the column that referred to the Chief Operating Officer and amending the scheme to allow nominated deputies for chiefs to approve overtime and on-call costs.

Mr Taylor raised concerns about NHS England staff having access to the CCG's ledgers to put journals in relating to the delegated primary care budgets. The Director of Finance explained that Sheffield CCG, in line with other local CCGs, would continue to use some staff based in NHS England as part of agreed delegated arrangements, but senior officers in the CCG would oversee the work of NHS England employees and the CCG's own staff would be taking lead responsibilities for doing the management accounts. We had signed a co-commissioning agreement with NHS England and there would be an audit trail. The CCG's auditors would be looking at this and also at those organisations that were already doing this this year.

The Director of Finance advised the committee that she was asking them to recommend the proposed changes to Governing Body for approval in May.

The Audit and Integrated Governance Committee:

- Noted the Head of Governance and Planning's review of Standing Orders and that no changes were recommended.
- Recommended the proposed changes to the Scheme of Reservation and Delegation and the Prime Financial Policies to Governing Body for approval.
- Approved the changes proposed to the Budget Management Policy and Tendering Policy.

b) Unadopted Quality Assurance Committee minutes 4 March 2016

Ms Forrest presented the unadopted minutes and drew members' attention to the key issues.

Part of the meeting had not been quorate due to the late arrival of one member. As reported under minute 03/16(i)(a), plans were in place to increase the committee's core membership following the CCG's Chair of individual GP's roles and responsibilities. The committee had discussed in particular patient feedback on their experience with some specialties at Sheffield Teaching Hospitals NHS Foundation Trust (STHFT), which had resulted in an action for the CCG's Medical Director to contact the trust's Clinical Director in Neurology to discuss the ongoing concerns. The committee had also expressed concerns about the delay in the issuing of the review of cardiac services report. The committee's core membership had also discussed in private the findings from 360 Assurance's benchmarking report on Clinical Quality Committees.

Ms Forrest also advised the committee, as discussed under minute 03/16(i)(a), the meeting she and the Chief Nurse had held with SCHFT's new non executive director who chaired the trust's clinical governance committee to discuss the QAC's ongoing concerns relating to quality issues within the trust.

The Audit and Integrated Governance Committee received and noted the unadopted minutes.

c) Governance Sub Committee report including unadopted minutes of the meeting held on 2 March 2016

The Head of Governance and Planning presented the unadopted minutes and overview from the meeting. She had no particular issues to bring to the committee's attention.

Ms Forrest asked about the staff sickness absence rate for December 2015, which was 5.5%, above then target of 2.5%. The Director of Finance explained that this may be due to a number of staff being on long term sick leave but asked the Head of Governance and Planning to clarify if this was the case.

The Audit and Integrated Governance Committee received and noted the unadopted minutes.

d) Update on Review of Governance Sub Committee Terms of Reference

The Head of Governing and Planning presented the review of the Governance Sub Committee's Terms of Reference. She advised the committee that, at the November 2015 meeting of the sub-committee it had been agreed to submit a paper to AIGC seeking confirmation that the sub committee was fulfilling its role, that its duties remained relevant and issues raised were adequately related to AIGC. To this effect, the ToRs had been revised to reflect the aim of the sub committee that all staff have access to key governance information plus

MS

amendments to membership and quoracy, reference to the Commissioning Support Unit (CSU) had been removed, and membership and job titles had been updated.

The Audit and Integrated Governance Committee recommended the proposed changes to the Governing Body for approval in May.

e) Update on Governing Body Assurance Framework (GBAF) and Risk Register

The Head of Governance and Planning 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 for Quarter 3 2015/16 up to and including 19 February 2016. At that time, 14 risks remained on the register, with no new risks added and no risks closed. Overall, the level of risk had reduced in year, with three risks realising their risk appetite. She drew members' attention to Appendix 2 and the additional information that explained why gaps in control and assurance existed and why some could not be closed, and reported that any outstanding gaps in control, as at 31 March 2016, would be identified within the Annual Governance Statement (AGS) for 2015/16.

The Committee:

- Noted the position with regard to both the GBAF (up to 19 February 2016) and
- Noted the Operational Risk Register during Quarter 3 (up to 11 January 2016).
- Noted the work undertaken by Directors / senior risk owners with regard to the GBAF Refresh 2016/17
- Noted the actions of the Governance Sub-committee and the assurance that both high level and operational risks are being effectively managed by officers

f) Risk Management Strategy and Action Plan

The Head of Governance and Planning presented this report. She advised the committee that there were very few changes from last year, mainly to update job titles and to include a management training plan in Appendix 5. She reported that this training plan had been implemented and piloted and refined in light of feedback from staff. She advised the committee that the strategy had been presented to the Governance Sub Committee for comment, and they had noted the action plan. She reminded members that the AIGC had delegated authority to approve the strategy every year.

The Audit and Integrated Governance Committee approved the Risk Management Strategy and Action Plan for 2016/17.

g) Draft Annual Governance Statement

The Head of Governance and Planning presented the draft AGS. She advised the committee that it was a first draft and very much work in progress, changes still to be made. She asked that any issues or comments be fed to her within the next two weeks.

**All to
note**

She asked for views from audit colleagues in particular and advised that the AGS would be submitted to NHS England on 22 April, along with the annual report and financial accounts. The LCFS advised that he would send her a form of wording for the counter fraud section.

RP

The Director of Finance advised members that the final version would be presented to the AIGC in May as part of the 2015/16 Annual Report.

The Audit and Integrated Governance Committee received and noted the report.

h) Revised Commercial Sponsorship Policy

The Head of Governance and Planning presented the revised Commercial Sponsorship Policy, which had been reviewed and updated to include reference to the UK Bribery Act 2010 and to ensure compliance with the NHS Protect Standards for Commissioners: Fraud, Bribery and Corruption. The policy has also been reviewed by the Counter Fraud Specialist and presented to the Governance Sub-committee for comment.

The Audit and Integrated Governance Committee approved the revised Commercial Sponsorship Policy.

11/16

Other reports

a) Sheffield CCG – Payables and Receivables as at 31 January 2016

This paper was presented by the Financial Accountant and provided a summary of the aged payables and receivables for Sheffield CCG based on the latest month end position available at the time of writing the report for AIGC (ie up to 31 January 2016).

She advised the committee that there was one significant invoice from a non NHS debtor that we were still pursuing but the CCG believed that it would be prudent to write off 50% of this (£115k), which would be included in the financial accounts.

There were no other debts that had been recommended for write-off in the 2015/16 financial year.

The Audit and Integrated Governance Committee received and noted the report.

b) Losses and Special Payments 2015 -16

This paper was presented by the Financial Accountant and provided the committee with a summary of instances where Losses and Special Payments had been approved since 1 April 2015. There had been one payment of this nature relating to 2015-16, detailed in the enclosed report that related to the loss of a mobile 'phone

The Audit and Integrated Governance Committee noted the report.

c) Competitive Tender Waiver Approvals 2015/16

This paper was presented by the Financial Accountant and provided the committee with information on instances where the competitive tendering rules have been waived since 1 April 2015.

There had been no tender waivers since 1 April 2015.

The Audit and Integrated Governance Committee received and noted the report.

d) Legal Claims

The Head of Governance and Planning presented this report. She had no particular issues to bring to the committee's attention this month.

The Audit and Integrated Governance Committee received and noted the report.

12/16 Any Other Business

On behalf of the committee, the Director of Finance thanked Mr Boyington, who was chairing his last meeting, for his significant contribution to the effective working of AIGC since its formal establishment. It was noted that he would remain a member of the committee for future meetings as part of the changes to the committee's terms of reference.

There was no further business to discuss this month.

13/16 Key Highlights for Governing Body

The Chair advised as follows:

- The committee's overall view of the self assessment exercise.
- The AIGC's annual report 2016/17
- External and Internal Audit technical updates.
- Proposed changes to the AIGC's Terms of Reference and Creation of an Auditor Panel
- Approval of the draft Internal Audit Plan for 2016/17
- The Local Counter Fraud 2016/17 Fraud, Bribery and Corruption Risk Assessment Work Plan

14/16

Date and Time of Next Meeting

Thursday 26 May 2016, **11.00 am – 1.00 pm**, Boardroom, 722 Prince of Wales Road