

**Report from Audit and Integrated Governance Committee
meeting held on 15 December 2016**

Item 15e

Governing Body meeting

2 February 2017

Author(s)	Carol Henderson, Committee Administrator / PA to Director of Finance
Sponsor	Phil Taylor, Chair of Audit and Integrated Governance Committee
Is your report for Approval / Consideration / Noting	
Noting and Recommendation	
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: 5.4 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 15 December 2016 meeting 	

**Report from Audit and Integrated Governance Committee
meeting held on 15 December 2016**

Governing Body meeting

2 February 2017

EXECUTIVE SUMMARY

Appointment of External Auditors

Members received and noted an update from the Deputy Director of Finance that KPMG LLP had been appointed as the CCG's external auditors, subject to finalisation of contracts.

Update on Progress with the Internal Audit Plan for 2016/17

Members were advised that reports had been issued follow the completion of four reviews. They noted concerns regarding the findings of the audit of the CCG's Information Sharing processes relating to Continuing Health Care (CHC) processes, especially relating to there being no standard script / leaflet for CHC patients regarding privacy. The committee had, therefore, referred the Internal Audit report to Ms Forrest as Chair of the Quality Assurance Committee (QAC) to take forward.

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

Members asked a number of questions on the GBAF and its supporting documentation, and noted the importance of the Governing Body development session taking place on the afternoon of 12 January when the GBAF and Sustainability Transformation Plan (STP) would form part of the discussion.

Update from Quality Assurance Committee (QAC)

Ms Forrest, Chair of the Quality Assurance Committee (QAC), advised members of a number of key issues including the committee's continuing concerns regarding the quality of care homes, and their continuing concerns about the stability of the social care markets in Sheffield, especially the domiciliary care sector which was facing significant challenges

Proposed Changes to Standards of Business Conduct and Conflicts of Interest Policy and Procedure

Members welcomed and were impressed at the content of this report and recommended the proposed changes to Governing Body for approval. They also noted that mandatory online conflicts of interest mandatory would start in April 2017, with the requirement for at

least 90% of CCG staff, including Governing Body and committee members, to complete this training by 31 January each year.

Sheffield CCG – Payables and Receivables as at 31 October 2016

The Deputy Director of Finance advised members of the finance department's concerns about the backlog of non contract activity (NCA) invoices due to a number of problems which had led to delays in invoice verification, mainly relating to being unable to check the background data to substantiate the validity of these invoices due to information governance rules relating to patient identifiable data following the responsibility of the service transferring back to the CCG from the Yorkshire and Humber Commissioning Support Unit (CSU) following the demise of the CSU on 29 February 2016. As part of an initiative to reduce the number of overdue payables, members noted the proposal that all NCA invoices under £5,000 that had not previously been challenged, with an invoice date before 1 September 2016, would be approved and paid with no further validation.

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.

Proposed Changes to Audit and Integrated Governance Committee and Governance Sub Committee Terms of Reference (ToR)

The Corporate Services Risk and Governance Manager advised members that all Terms of Reference for Governing Body's Committees and Sub Committees of the Governing Body had now been retracted from the CCG's Constitution, which would facilitate an easier process for updating them, but noting that any future changes would still have to go through a rigorous governance process, and that all these ToR were in the process of being reviewed, especially to reflect the CCG's new management structure and NHS England's new Conflicts of Interests guidance. The committee discussed the proposed changes and recommended them to Governing Body for approval, noting that, in the meantime the ToR for the Governance Sub Committee would be circulated virtually to the existing and proposed new membership of the GSC for comment.

Sheffield Clinical Commissioning Group

Audit and Integrated Governance Committee Unadopted minutes of the meeting held on 15 December 2016 Boardroom, 722 Prince of Wales Road

Present: Mr Phil Taylor, Lay Member (Chair)
Dr Ngozi Anumba, CCG Governing Body GP
Ms Amanda Forrest, Lay Member
Dr Leigh Sorsbie, CCG Governing Body GP.

In Attendance: Ms Rebecca Good, Financial Accountant, NHSSCCG
Ms Leanne Hawkes, Deputy Director / Client Manager, 360 Assurance
Ms Carol Henderson, Committee Administrator / PA to Director of Finance, NHSSCCG
Mrs Sue Laing, Corporate Services Risk and Governance Manager
Mrs Jackie Mills, Deputy Director of Finance, NHSSCCG (on behalf of the Director of Finance)
Mr Robert Purselove, Local Counter Fraud Specialist, 360 Assurance

Minute	ACTION
<p>41/16 Welcomes, Introductions and Apologies for Absence</p> <p>Apologies for absence from core members had been received from Mr John Boyington CBE, Lay Member.</p> <p>Apologies for absence from those who were normally in attendance had been received from Ms Julia Newton, Director of Finance, NHSSCCG, Ms Alison Ormston, Senior Manager, KPMG, Ms Clare Partridge, Director, KPMG, and Mrs Suzie Tilburn, HR Manager, NHSSCCG.</p> <p>The Chair declared the meeting was quorate</p>	
<p>42/16 Declarations of Interest</p> <p>There were no declarations of interest this month.</p>	
<p>43/16 Minutes and Matters Arising of the meeting held on 15 September 2016</p> <p>i) <u>Accuracy</u></p> <p>The minutes of the meeting held on 15 September 2016 were agreed as a correct record.</p>	

ii) Matters Arising

Update Report on Internal Audit Recommendations: DATIX (minute 33/16 refers)

A further update would be given under the Internal Audit Plan update (minute 46/16)

44/16

AIGC's Own Business

a) Review of Audit and Integrated Governance Committee (AIGC) Terms of Reference

The Chair presented this report which provided members with an update on the review of the AIGC's Terms of Reference (ToR) and asked them to recommend the proposed changes to Governing Body for approval. He commented that the paper was really helpful and well set out and provided full clarity on the proposed changes. The Corporate Services Risk and Governance Manager advised members that the Terms of Reference for all Committees and Sub Committees of the Governing Body had now been retracted from the CCG's Constitution, which would facilitate an easier process for updating them, but noting that any future changes would still have to go through a rigorous governance process and then be made publically available. She also advised that all these Terms of Reference were in the process of being reviewed, especially to reflect the CCG's new management structure and NHS England's new Conflicts of Interests guidance.

The following issues were raised and discussed:

Section 2.1.2v: The Committee shall review the adequacy and effectiveness of the CCG's Operational Scheme of Delegation (SoD) and will consider any proposed changes to it.

The Deputy Director of Finance Manager explained that, whilst this had always been included in the AIGC's ToR, it had been made more succinct that it related to the CCG's Operational Scheme of Delegation rather than its overall Scheme of Reservation and Delegation, and reminded members that it had always been presented to the AIGC in March each year as part of the review of the Prime Financial Policies.

2.1.4: The Committee will have a role in reviewing the CCG's management of conflicts of interest, ensuring that the CCG works within its agreed Conflicts of Interest Protocol. The Committee will, at least bi-annually, review the Conflicts of Interests Register, the Procurement Register and the Gifts and Hospitalities Register. The Lay Member for Audit and Governance, who will act as the Committee Chair, will also perform the role of the Conflict of Interests Guardian as described in the Conflicts of Interest Protocol.

The Corporate Services Risk and Governance Manager advised members that this was a new paragraph relating to the new Conflicts of Interests guidance, and would provide assurance to the Governing Body about the processes that were in place within the organisation. She also advised members that the CCG's registers of Gifts of Hospitality, Conflicts of Interests, and Procurement, would be reviewed every six months. With regard to the latter, the Corporate Services Risk and Governance Manager and the Deputy Director / Client Manager, 360 Assurance were asked to seek clarification as to what should be included on this register and send an explanatory note round to members.

LH/SKL

2.5.3: The Committee shall review the adequacy and effectiveness of the policies and procedures for all work related to fraud and corruption as set out in Secretary of State Directions and as required by NHS Protect.

The Local Counter Fraud Specialist asked for a slight amendment to be made to reflect the fact that these were now reviewed in accordance with NHS Protect's Standards for Commissioners.

SKL

8.4 and 8.5: The Deputy Director of Finance reminded members that these sections gave further clarification that the AIGC had the delegated authority to approve the CCG's Prime Financial Policies.

Finally, the Chair commented that we needed to be careful of making the committee too operational, as it had to maintain an oversight role but also maintain a distance so it could be independent enough.

The Audit and Integrated Governance Committee:

- Considered the report and proposed changes to the Terms of Reference for the AIGC.
- Recommended the proposed changes to the Governing Body for approval.

b) Undertaking 2016/17 AIGC Self Assessment Exercise

The Financial Accountant presented this report and reminded members that the NHS Audit Committee Handbook recommends as best practice that members of the Audit Committee undertake a self-assessment of the performance of the Committee on an annual basis. This would be the fourth AIGC self assessment since the CCG's inception. Members would be required to complete the assessment during January and early February, with consolidated results being presented to the March meeting of the AIGC for discussion, and development of an action plan should one be required.

She reminded members that in previous years the surveys had been sent out manually and that last year External Audit had fed the results back in as a comparator to other CCGs, but for this year the proposed approach was for KMPG to email a link for the electronic questionnaire to AIGC members by the end of December 2016 with a deadline of 10 February 2017 for responses. However, due to changes in the committee's membership, the results could not be compared directly year on year as it would change the scores, although not

the percentages.

Dr Ngozi commented that, whilst members were fairly critical in their responses, we did achieve a high level of governance.

Members confirmed the proposed approach and timescale for completion of the self-assessment exercise for 2016.

c) Update on Appointment of External Auditors

The Chair presented this report which provided members with information on the process for the appointment of the CCG's external auditors. The Deputy Director of Finance advised that Governing Body had approved in private on 3 November 2016 to the award the contract to KPMG LLP. This was subject to finalising the contract with them, which would be discussed across the other South Yorkshire and Bassetlaw CCGs, but did not foresee any problems in this regard. She advised that Doncaster CCG had facilitated the whole process.

Ms Forrest commented that this had been a really good exercise on how the CCGs had worked together. The Chair reminded members that he and the Director of Finance had undertaken the quality evaluation on behalf of the AIGC, and explained that the weighting for the scoring had been set out in advance of receiving the bids. Each CCG had agreed a moderated score for all responses, with the scores then averaged across the five CCGs to give an overall score so that bidders could be ranked.

The Deputy Director of Finance advised that a request for each individual bidder's policy on their local approach to social prescribing was not explicitly one of the criteria they had used for the weighting, however, this was something that Doncaster CCG was considering for future procurements and, in this respect, suggested that she ask for assurance from their procurement team that this, and the suggestion that bidders have a local office be included as requirements in future procurement documentation.

JM

Finally, Chair advised members that KPMG have a local office in Sheffield

The Audit and Integrated Governance Committee:

- Noted that KPMG LLP was the successful bidder for external audit services and will be awarded a contract for a three year period commencing 1 April 2017.
- Noted that Sheffield CCG is required to prepare and finalise a contract for signing with KPMG LLP.

45/16

External Audit

External Audit Technical Update

On behalf of the Senior Manager, KPMG, the Chair presented this report which updated AIGC on the main technical issues which were currently having an

impact on the health sector.

Ms Forrest commented that she found these updates very useful, with an overwhelming amount of information that comes out from various sources. However, she was not sure what the role of the committee was in relation to the report.

Dr Sorsbie asked about the extra £25m that had been allocated to CCGs across the country to accelerate plans for improving mental health services for children and young people, to help to cut waiting times, reduce waiting list backlogs and minimise the length of stay for those in inpatient care, and the request to CCGs that they make the required submissions by March 2017 to secure this additional funding. The Deputy Director of Finance responded that we already had an ongoing plan to implement for improving child and adolescent mental health services (CAMHS) and advised that this funding was already within our financial allocation, but would ascertain as to whether this was funding that was available across the board and send a note of clarification round to members.

JM

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.

46/16

Internal Audit

Update on Internal Audit Plan 2016/17

The Deputy Director / Client Manager, 360 Assurance, presented this report and drew members' attention to the key highlights.

Section 2 summarised the key messages and action required, including four reports that had been issued since the last AIGC meeting and the work that was in progress, and section 4 outlined progress made to date regarding completion of each audit assignment within the plan. She gave an update on each of the completed reviews as follows:

i) Information Sharing

The overall objective of the review had been to assess the arrangements for, and maturity of, data sharing at the CCG. In order to achieve this objective, they had assessed 1) if the CCG complied with the Information Commissioner's Office (ICO) data sharing code of practice, focusing specifically on the three sections within the document on fairness and transparency, security and governance and; 2) the robustness of evidence in support of the self-assessed scores for three Information Governance (IG) Toolkit criteria, which they had had to base on the

CCG's submission. She advised that, for the first part of this they had focused on two areas where primary patient data was shared by the CCG: continuing health care (CHC) and the sharing of patient records for the purposes of direct patient care (the Medical Interoperability Gateway (MIG) project). She reminded members that the CHC was a service that had transferred back to the CCG following the demise of the Commissioning Support Unit (CSU) and commented that there were some areas they had found relating to their audit that needed some strengthening.

She advised that they had been able to provide **Significant Assurance** that there was a generally sound system of control designed to meet the system's objectives, however, included that noted above, they had identified some weaknesses in the design or inconsistent application of controls that put the achievement of particular objectives at risk. These were outlined as part of the summary findings on page 6. She advised that there would be an action plan for every recommendation made, progress on which would be reported back to the AIGC as part of the follow up process, which would also include a request to provide evidence that the action had been done.

Ms Forrest raised concerns about the CCG not having a standard script and / or leaflets for CHC patients detailing the key messages including in the privacy notice and commented that this was a clear gap and there should be one as there were contentious issues. The Deputy Director / Client Manager commented that she thought there was a leaflet available, but not specifically for CHC patients.

ii) CHC Processes

The overall objective of the review had been to provide independent assurance regarding the adequacy of the processes for meeting the requirements of the National Framework for NHS Continuing Healthcare. Specifically, the review had focused on establishing whether the CCG complied with the following three objectives: Proper lawful authority is obtained prior to undertaking a CHC assessment; appropriately completed Decision Support Tools are held on file and; there is appropriate communication of the outcome of CHC decisions to patients or their representatives. The audit scope had been confined to adult service users only.

She advised that they had been able to provide **Significant Assurance** on these processes, as there was a generally sound system of control designed to meet the system's objectives. However, some weakness in the design or inconsistent application of controls put the achievement of particular objectives at risk. Three medium risks had been identified that related to the control areas they had reviewed (outlined on pages 7 and 8 of the report), which could potentially impair the CCG's ability to meet the requirements of this National Framework.

As noted above, she advised that there would be an action plan for every recommendation made, progress on which would be reported back to the AIGC as part of the follow up process, which would also include a request to provide evidence that the action had been done.

Members discussed the concerns about some of the findings, which Ms Forrest advised she would raise with the CCG's Chief Nurse when they next met. The Deputy Director / Client Manager advised that she would send her the full and recommendations reports for her to take forward through the QAC processes.

AF

LH

iii) Interim Head of Internal Audit Opinion Work Stages 1 and 2

The overall objective of the review had been to undertake a programme of work to support an assessment of the design and operation of the CCG's Governing Body Assurance Framework (GBAF) and supporting risk management arrangements through: Stage 1 – Issuing a survey to all members of the Governing Body in order to collect views on the robustness of the organisation's GBAF and its use within the organisation and; Stage 2 – Seeking to confirm that an updated GBAF was in place for 2016/17, in a format that allowed for concise information and supported confirm and challenge, that the GBAF was aligned to our 2016/17 strategic objectives and was generally reflective of our knowledge of the health economy and our partner/stakeholder organisations, there was clarity within the organisation as to the roles of various boards and committees with respect to the maintenance of the GBAF, that the Governing Body and the AIGC have had sight of the GBAF in the first part of the year and that there were clearly assigned actions and trajectories identified to support effective risk mitigation. She advised that there had not been a huge response to the survey but it was in line with those undertaken elsewhere.

The Deputy Director / Client Manager advised that the summary findings were outlined at pages 9 and 10. They had felt that there were robust process arrangements in place, however, a few issues had emerged across the board, for example how organisations were dealing with STPs in their GBAF, was there sufficient challenge and support at a Governing Body level, the amount of change there had been in terms of risk appetite and people's understanding of risks and assurances. With this in mind, they had made a recommendation about holding a Governing Body (and other relevant members of staff) development session to ensure that understood what their role was and the processes for reviewing the GBAF within the organisation. This was welcomed by the committee.

She advised that she would send the full report to the Committee Administrator for circulation to members.

LH/CRH

iv) Primary Care Co-Commissioning

The overall objective of the review had been to assess the CCG's establishment of its Primary Care Commissioning Committee (PCCC) and associated governance processes to ensure that they complied with national requirements. The scope of the review included an examination of: The governance structure established by the CCG for primary care co-commissioning and included a review of the extent to which the CCG updated its governance documents and the operation to date of the PCCC; the operational arrangements in place to manage the day to day review and management of primary care commissioning; the

process in place for ensuring compliance to the Delegation Agreement with NHS England and; the extent to which the CCG's PCCC complied with the requirements of paragraphs 83 to 92 of '*Managing Conflicts of Interest: Revised Statutory Guidance for CCGs*' (acknowledging that the guidance was issued in June 2016).

She advised that **Significant Assurance** could be provided that there was a generally sound system of control designed to meet the system's objectives. However, some weakness in the design or inconsistent application of controls put the achievement of particular objectives at risk, which were outlined on page 11.

The Deputy Director / Client Manager also drew members' attention to section 4.3 that outlined the work in progress at this stage. Ms Forrest commented that both of the CCG's Lay Members with responsibility for patient and public engagement had been involved in setting the scope for the previous audit that had been undertaken in this area but to date had not been asked for their involvement in the one outlined on page 12. The Deputy Director advised that she would follow this up with her Internal audit colleagues.

The Chair welcomed the audit being undertaken on the CCG's Quality, Innovation, Productivity and Prevention (QIPP). Dr Sorsbie asked where the discussions would be taking place as to providing the assurance that we would achieve our planned QIPP and / or if there was a really robust plan in place if we don't. The Chair explained that the QIPP Sub Group reviewed progress on all the schemes. However, it was complicated and difficult to assess progress with some of them. He advised that so far, they had been concentrating on the plan for 2016/17 and the first session in January 2017 would review the plan for 2017/18. He also advised that there were contingency plans in place that would allow us to meet our financial targets, even though there were significant risks to this. The Deputy Director of Finance reminded members that the Governing Body received monthly update reports on finance and QIPP, which included a review on the overall level of risk and a risk table in the finance report, which could be reviewed again if it did not provide the assurances members required. She also advised that the 2017/18 financial position was extremely challenging, especially as external pressures had increased and, for 2017/18 it was our aspiration to have a QIPP plan for £30m.

Ms Forrest advised that honest discussions and assessments of the plan had taken place at Governing Body, including what other mitigating strategies we could have. The Chair, who was also Chair of the QIPP Sub Group, agreed that Governing Body was the place to have these discussions and confirmed that there were the proper governance structures and processes behind it but commented that it was not just about trying to save money but also about trying to maintain quality at the same time.

With regard to appendix A and the summary of follow up status, the Deputy Director / Client Manager advised members that these follow up reviews would continue to take place, especially on the actions relating to quality of care in care homes, and on complaints.

LH

The Chair asked about Appendix B: Key Performance Indicators (KPIs) and especially the four areas in KPI4 (Terms of Reference to be agreed promptly five working days prior to the start of the review, or as agreed with the lead Executive) that had not been met. The Deputy Director explained that she was not flagging this as a problem as they were still managing to get on with the work but hope to see an improvement of that moving forward.

She also explained that, with regard to the area in KPI6 that had not been met that related to management responses not being provided within 10 working days of receiving the final draft report on the Interim Head of Internal Opinion Stages 1 and 2 on 1 November 2016, the process had been that she discuss and agree this with the Corporate Services Risk and Governance Manager fairly quickly after the report was issued and wait for formal sign off of the report by the Director of Finance.

The Audit and Integrated Governance Committee:

- Received and noted the report and the progress in delivering the Internal Audit Plans.
- Noted a change to the 2016/17 Internal Audit Plan to incorporate the mandated review of arrangements for managing conflicts of interest.
- Received the information and guidance papers produced by 360 Assurance and provided assurance that the issues raised were being considered and, where necessary, addressed by the CCG.

b) Commissioner Technical Update

The Deputy Director / 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 received and noted the report.

47/16

Update report on Internal Audit Recommendations – High and Medium Risks

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. She advised the committee that 10 outstanding actions had been brought forward from September 2016, one medium risk relating to patient and public engagement where the action had now been completed and rated as Green, one medium risk relating to the complaints review that was still ongoing and was rated as Amber, and seven medium risks relating to quality of care in care homes, one of which had three recommended actions and two having the same recommended actions, which were all still ongoing and been rated as Amber, with an agreed target date for completion of March 2017. There were also three medium risks relating to Continuing Health Care (CHC), one of which had two recommended actions with four different actions in total, one of which had now been completed and rated as Green, with the remaining

three still ongoing and rated as Amber until completion.

The Chair commented that the recommendation relating to the Complaints review that, as there was a risk the CCG was not systematically implementing improvements to services following complaints in a timely way, the complaints team should introduce a system to provide regular updates to Directors and Heads of Service on the progress against actions agreed in their respective teams, and also develop an exception report on implementation of actions for the CCG Governance Sub-Committee, was taking a long time to complete. The Corporate Services Risk and Governance Manager advised that she was under the impression that the problems with the initial problems following the introduction of the Datix system had been resolved and completed, training on the system for members of the complaints team was underway, but not yet complete, however, should be Green by the time of the next meeting. An update would be given under matter arising at the next meeting.

SKL

With regard to the number of our Member practices that had established a Patient Participation Group (PPG), Ms Forrest advised members that all the PPGs had been invited to attend a city-wide PPG forum. She also advised that the Care Quality Commission (CQC) inspections of our practices had identified five PPGs that were not working to full expectations but her thoughts were that this action could now be changed to Green.

With regard to the recommendations relating to quality of care in care homes, Dr Sorsbie commented on her concern for this hugely vulnerable group of people. Ms Forrest also reminded members of her, and the CCG's Quality Assurance Committee's, concerns about the state of domiciliary care provision in the city, which were being taken forward by the CCG's Chief Nurse.

Dr Sorsbie advised that general practices provided the care home service and that it was getting increasingly difficult to get GP practices to support them, which meant it felt like the whole system was increasingly fragile and on the point of collapse. The Deputy Director of Finance explained that discussions in this regard were taking place between the CCG and Sheffield City Council (SCC).

The Deputy Director / Client Manager, 360 Assurance advised that she would clarify what the implementation dates were that had been agreed for the quality in care homes recommendations, as her recollection was that they had been agreed as October 2016, and not March 2017 as stated in the report.

LH

Post meeting note:

The dates agreed in the original report were all 30 September 2016, the therefore January dates have come from the service leads as their revised implementation date. Internal Audit suggest that the original implementation date is always included, with a revised implementation date included when the original date has not been met.

Finally, the Deputy Director / Client Manager, advised members that she was undertaking a piece of work to look at an electronic tracker system, which may

LH

help to make this report more readable.

The Audit and Integrated Governance Committee:

- Noted the progress against all the outstanding agreed actions.
- Agreed that “Green” completed actions on the attached update could be excluded from further updates to the Audit and Integrated Governance Committee.

48/16

Counter Fraud

Local Counter Fraud Progress Report Update 2016/17

The Local Counter Fraud Specialist (LCFS), 360 Assurance, presented this report and drew the committee’s attention to the key issues.

NHS Protect had brought forward the deadline for submission of Self Review Toolkits (SRTs) to 1 April 2017 which would apply to the 2017/18 Standards for Commissioners, which would be published in January 2017. He advised that, at this stage, he was not aware of what these standards would be, however, there would be quite a lot of work for him to do and, when published, he would liaise with the Director of Finance and present a report to the AIGC in March. He advised that they would probably align it with the financial year and did not anticipate any problems, except where he would draw the resource time from as it was not included in the current workplan.

Section 4 outlined the work undertaken on Inform and Involve, which included fraud awareness training, fraud awareness month, external Body liaison, social media, and Fraudulent Times newsletter. He thanked the CCG’s Learning and Development Manager for being so supportive in terms of ensuring that the CCG’s programme of training and awareness activities were effective and achieving the required outcomes in terms of demonstrable staff awareness, and advised that staff training was currently showing 84% compliance, which the Learning and Development Manager was trying to get to 100% before she went on maternity leave in a few months’ time.

With regard to investigative work, he drew members’ attention to the three open information reports that were outlined at the bottom of page 3. He advised that the first two were not being progressed, but he would provide further details on the third that related to abuse of time to the Director of Finance, especially in that the value of this was so low that it would be more appropriate to deal with it as a management issue, rather than a fraud case.

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

Governance – Key Issues for Audit and Integrated Governance Committee**a) NHS Sheffield CCG Standards of Business Conduct and Conflicts of Interest Policy and Procedure**

The Corporate Services Risk and Governance Manager presented this report which set out the CCG's process for managing its business in an open and transparent way, with the approach to this set out in section 1.

She reminded members that the CCG's Conflicts of Interest Protocol had previously been appended to the Constitution which meant that, due to the lengthy process required for approving proposed changes, it could not easily be changed to meet the criteria set out in the statutory guidance. She reported, however, that Governing Body, Member practices and NHS England had now agreed that, whilst it still needed to be referenced in the Constitution, it did not need to be appended to it, which meant that, subject to a rigorous governance process, it could be amended quickly to reflect current circumstances.

She advised members that the protocol had been based on a partner CCG's document. It was intended to roll it out to the organisation for good practice, subject to approval by the AIGC and Governing Body, and she advised that it was a statutory requirement that it would be subject to Internal Audit.

With regard to training for staff, she advised that NHS England (NHSE) had confirmed that mandatory conflicts of interest training would be rolled out by e-learning in April 2017, with the requirement that 100% of staff had undertaken the training by January 2018. She also advised that she and the CCG's Management Consultant were planning to roll out some training for members of the CCG's administrative team to ensure that were complying with the requirements of the protocol, and also that national training was being rolled out to Lay Members which, she advised, she would seek to clarify as to whether this was for all Lay Members or just for Lay Chairs and new Lay members.

SKL

SKL

The Chair asked about training for all members of the Governing Body. The Corporate Service Risk and Governance Manager explained that there were different levels of training, dependent on people's requirements, with some undertaken by e-learning and some face to face. She also explained that it was not all about conflicts of interest, but also about compliance with standards of business conduct.

The Chair asked about section 5.4.5 that set out that: Sponsors should not have any influence over the content of an event, meeting, seminar, publication or training event. The CCG will not endorse individual companies or their products and the fact of sponsorship does not mean that the CCG endorses a company's products or services. All data protection legislation applies during dealings with sponsors. Sponsorship which involves the exchange of patient information must be approved by NHS Sheffield CCG's Caldicott Guardian. No information will be

supplied to a company for their commercial gain unless there is a clear benefit to the NHS. As a general rule, information which is not in the public domain will not normally be supplied; and he asked if KPMG would have been able to provide the recent training for members they had if they had not been the CCG's external auditors and, if so, if the CCG would have had to determine what the agenda would have been. The Corporate Services Risk and Governance Manager agreed to seek to clarify if this was the case.

SKL

Finally, the committee requested a small change to the second bullet point at section 14.3 for it to read: The alleged breach will be jointly investigated by the Conflict of Interest Guardian and Director of Finance (providing the Director of Finance is not conflicted ...

SKL

The Audit and Integrated Governance Committee

- Considered the report and proposed Standards of Business Conduct and Conflicts of Interest Policy and Procedure.
- Recommended the proposed changes for Governing Body for approval.

b) Update Report from Managing Conflicts of Interest Self-Certification Return – CCG IAF Indicator 162a Part Two

The Corporate Service Risk and Governance Manager presented this report which reminded members that the CCG was required to submit quarterly and annual self-certification returns in order to demonstrate compliance with the requirements of the revised statutory conflicts of interest guidance. She advised that the first quarterly assessment had been submitted to NHS England by the deadline of 10 October 2016 and was attached for members' information. The next self-assessment was due to be submitted on 13 January 2017, using the same submission template as before.

The Audit and Integrated Governance Committee noted the content of the report and timely submission of the self-certification to NHS England.

c) Governance Report including Unadopted Minutes of the Governance Sub Committee Meeting held on 9 November 2016

The Corporate Services Risk and Governance Manager presented the report and minutes. She advised that she had no key issues to draw to members' attention this month.

The Chair asked about compliance with information governance mandatory staff training which, as at September 2016, at 81.3% uptake, fell short of the 95% required to meet the IT Toolkit requirement. The Corporate Services Risk and Governance Manager confirmed that uptake had increased and we had now met the required target.

The Chair raised concerns about the risks the Governance Sub Committee had identified relating to the Freedom of Information (FOI) team, especially around

the lack of in-house knowledge and experience of FOI legislation and the lack of resilience within the team with regard to staffing. The Corporate Services Risk and Governance Manager explained that there was an action plan in place to address this and advised that there had been some dual running of the service following its transfer from Embed to the CCG and that Embed provided support if required.

Ms Forrest commented that she was not aware of the suggestion made at the meeting that the Complaints and MP Enquiries update may be more appropriate to feed into the Quality Assurance Committee. The Corporate Services Risk and Governance Manager agreed to take this forward with the CCG's Chief Nurse on Ms Forrest's behalf.

SKL

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

d) Review of Governance Sub Committee (GSc) Terms of Reference

The Corporate Services Risk and Governance Manager presented proposed changes to the Terms of Reference (ToR) and advised that they had been reviewed to ensure its membership and functions supported the AIGC. She advised that the most substantial changes were in terms of the membership, which would be taken forward by deputy directors. She also advised that, due to timing of meetings, the proposed changes would need to be circulated virtually to current and proposed new members of the GSC to give them the opportunity to comment before the full suite of proposed changes to Governing Body's committees and sub committees were presented to Governing Body on 2 February 2017.

SKL

The Audit and Integrated Governance Committee:

- Considered the report and proposed changes to the Terms of Reference for the Governance Sub Committee.
- Recommended the proposed changes for Governing Body for approval.

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

The Corporate Services Risk and Governance Manager 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, reported the position at the end of Quarter 2, up to and including 15 November 2016, the gaps in control and assurance and actions identified in order to close the gaps. She advised the committee that the paper should provide the committee with assurance that the Governance Sub Committee had reviewed and scrutinised risks within the GBAF and operational risk register at its meeting on 9 November 2016, including a review of risk scores.

She advised that, at the end of the monitoring period, 16 identified risks remained on the GBAF, with six remaining very high. Three new risks had been added and

two had been marked for closure. With regard to the risk report, she advised members that the scores for the two new risks had been reviewed and agreed as correct by the Governance Sub Committee.

She advised the committee that a significant change to the process had been the introduction of the presentation of the GBAF to the CCG's Senior Management Team (SMT) prior to presentation at Governing Body. She advised that the SMT had refreshed the GBAF, coming up with a number of actions that would strengthen and provide assurance that they review the risks, three of which had reduced in score following the review. She also advised members that the GBAF would form part of the Governing Body OD session taking place in private on 12 January 2017, which would highlight the comments from Internal Audit's report on the framework.

Dr Sorsbie asked about objective 2. To improve the quality and equality of healthcare in Sheffield, and principal risk 2.2 CCG unable to influence equality of access to healthcare because insufficient or ineffective mechanisms to change. She commented that, as an organisation, we needed to be really clear in the words we were using that Equality Impact Assessments (EIAs) were about discrimination and that inequalities were about access to health care and addressing the patient's needs.

The Chair drew member's attention to principal risk 1.1: Insufficient communications and engagement with patients and the public on CCG priorities and service developments, leading to loss of confidence in CCG decisions and commented that it was worrying that we were three quarters of the way through the financial year and Governing Body had not yet received any patient experience and engagements reports to provide them with assurance that controls were effective.. The Corporate Services Risk and Governance Manager clarified that this risk had transferred to another director following the organisation's restructure and advised members that she had been asked to pick up issues such as this when she met with directors on an individual basis.

SKL

Dr Sorsbie asked about the rationale for the score of 15 for principal risk 1.2: system wide or specific provider problems emerge in secondary and / primary care, and commented that primary care remained a concern for the public but the risk did not say that it was for the CCG, when of course it is for the whole system. She also asked for clarification as to what the statement that seven day working was not yet embedded, meant, i.e. if this related to people's perceptions, if there was an actual gap, and if people were aware of where they needed to go. Dr Sorsbie also asked if further detail could be provided in relation to existing controls, i.e. what is happening, and who is considering it, etc.

SKL

SKL

The Chair asked about the gaps in control for principal risk 2.2: CCG unable to influence equality of access to health care because insufficient or ineffective mechanisms to change, especially around there being little contractual discussion, and commented that there were lots of opportunities for addressing to change this issue. The Corporate Services Risk and Governance Manager agreed to follow this up.

SKL

The Corporate Services Risk and Governance Manager agreed to seek clarity regarding the gap in control for principal risk 2.3: That the CCG fails to achieve Parity of Esteem for its citizens who experience mental health conditions, so reinforcing their health inequality and its life expectancy, that related to when we would have a coherent response to Parity of Esteem.

SKL

The Corporate Services Risk and Governance Manager advised members that the CCG's Senior Management Team (SMT) had requested that a separate spreadsheet, detailing all the agreed actions and timescales be appended to GBAF report.

SKL

Ms Forrest asked if some of the above could just be due to descriptions in the framework being badly written or phrased as some of risks had robust plans in place, so it could mean that people just needed some training or support. The Corporate Services Risk and Governance Manager explained that handover time following the CCG's restructure had been limited but that new directors had already picked up some of this. However, the challenge and interest in this from AIGC and Governing Body members would highlight this further, and hopefully generate further discussion at the Governing Body OD session taking place on 12 January 2017 (as noted above).

With regard to the CCG's Operational Risk Register, the Corporate Services Risk and Governance Manager commented that it was slightly disappointing that the number of reviews this quarter seemed to have fallen, possibly due to the change in deputy director roles and that some people had moved to other risk areas within the organisation. She also advised members that the Governance Sub Committee would be reviewing those risks that had remained static for four or more cycles, and also that in the previous financial year the Governance Sub Committee had set up a sub group that had reviewed every single risk.

The Audit and Integrated Governance Committee:

- Noted the position with regard to the GBAF and arrangements in place for managing strategic risks during Quarter 2 and up to and including 15 November 2016
- Noted the activity with regard to operational risk management during Quarter 2.

f) Quality Assurance Committee Report including Unadopted Minutes of the meeting held on 25 November 2016

Ms Forrest, Chair of the Quality Assurance Committee, presented the minutes. She drew members' attention to the key highlights.

Following the meeting, the CCG had now received assurance that Sheffield Teaching Hospitals NHS Foundation Trust (STHFT) had signed up to the full Commissioning for Quality and Innovation (CQUIN) for sepsis for the 16-17 scheme for the indicator relating to A&E. The committee remained concerned that the Sheffield Health and Social Care NHS Foundation Trust (SHSCFT) Board was only reacting to Serious Incidents (SIs) and not actually assuring themselves

about the quality of their services. The committee had discussed again the stability of the social care markets in Sheffield, especially the domiciliary care sector which was facing significant challenges. They had also discussed making sure that there were adequate processes within the organisation about how we triangulate feedback on patient experience.

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

50/16

Other reports

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

The Deputy Director of Finance presented this paper which 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 (as at 31 October 2016).

Payables

The Deputy Director of Finance advised the committee that, in addition to overdue NHS payables to Sheffield Teaching Hospitals NHS Foundation Trust (STHFT) of £923k (£848k of which had now been paid), and to Sheffield Health and Social Care NHS Foundation Trust (SHSCFT) of £779k (£377k of which had now been paid), the bulk of the outstanding payments related to a backlog of £2,020k of non contract activity (NCA) invoices due to a number of problems which had led to delays in invoice verification. She drew members' attention to page 3 of the report which outlined how those problems had arisen, mainly relating to information governance rules relating to patient identifiable data following the responsibility of the service transferring back to the CCG from the Yorkshire and Humber Commissioning Support Unit (CSU) following the demise of the CSU on 29 February 2016, that had led to the existing backing information for invoices received to that point being destroyed.

She advised members the finance team had taken a number of steps to reduce the backlog of invoices, however, some information governance requirements remained, which changed daily in terms of the information which could be viewed to support invoice validation. She advised that, to try and reduce the number of invoices that needed processing, she needed to bring to the attention of AIGC that she and the CCG's Director of Finance had discussed a time limited change outside of our usual processes (the rationale and financial risk assessment for which were set out at page 3) to take the smaller value invoices (up to £5k) first and limit the amount of checking they were doing.

The Deputy Director / Client Manager, 360 Assurance advised that, although Internal Audit were not aware of the full detail at this stage, they would be reviewing this as part of their processes.

Ms Forrest commented that there had always been robust transition and transfer

plans but the CSU's decision seemed to be quite incredible. The Deputy Director of Finance advised that, whilst this was the decision of the CSU at the time, the information governance rules did seem to quite bizarre. There remains an ongoing issue with NHS Digital, as they are still querying whether invoice validation is an appropriate use of patient identifiable data. The finance team are reviewing the option for establishing an accredited 'Safe Environment for Finance' as this may improve access to available information.

Receivables

The Deputy Director of Finance advised the committee that it was a much improved position at the end of October with overdue receivables totalling £119k, compared to £253k at the end of July.

The largest non NHS receivable related to £87k for charges for drugs. The Deputy Director of Finance advised the committee that payment from all debtors for payment of outstanding invoices was being followed up.

The Deputy Director of Finance also advised the committee that no debts had been recommended for write-off in the 2016/17 financial year.

The Audit and Integrated Governance Committee:

- Noted the position regarding aged payables and receivables as at 31 October 2016.
- Noted the proposal that all NCA invoices under £5,000 and had not previously been challenged, with an invoice date before 1 September 2016, were approved and paid with no further validation, as part of an initiative to reduce the number of overdue payables.
- Noted that progress on reducing payment delays for NCA invoices would be reported to future meetings of the Audit and Integrated Governance Committee.

b) Losses and Special Payments 2016/17

The Financial Accountant presented this report which provided the committee with a summary of instances where Losses and Special Payments had been approved since 1 April 2016. The committee noted that there had been one ex-gratia payment of this nature to date, which had been reported to them in September 2016.

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

c) Competitive Tender Waiver Approvals since 1 April 2016

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 2016.

The Deputy Director of Finance advised that, although there had been no tender

waivers since 1 April 2016, it was expected that two would be presented to the AIGC in March, one of which was of considerable value and related to the contract for payroll services which the CCG now managed on behalf of the South Yorkshire and Bassetlaw CCGs.

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

d) Legal Claims

The Corporate Services Risk and Governance Manager advised the committee that there were no currently no legal claims against the CCG.

51/16 Any Other Business

There was no further business to discuss this month.

52/16 Key Highlights for Governing Body

The Chair proposed to report that the committee had:

- Noted that KPMG LLP had been appointed as the CCG's external auditors, subject to finalisation of contracts.
- Noted Internal Audit's audit of Continuing Health Care (CHC) processes and that there was not a standard script / leaflet for CHC patients regarding privacy and therefore had referred the Internal Audit report to Ms Forrest as Chair of the Quality Assurance Committee (QAC).
- Asked a number of questions on the Governing Body Assurance Framework (GBAF) and its supporting documentation, and noted the importance of the Governing Body development session taking place on the afternoon of 12 January when the GBAF and Sustainability Transformation Plan (STP) would form part of the discussion.
- Noted the QAC's continuing concerns regarding the quality of care homes.
- Noted that conflicts of interest training for all CCG staff and Governing Body members would start in April 2017.
- Welcomed and were impressed at the content of the Standards of Business Conduct report.
- The QAC's continuing concerns about stability of the social care markets in Sheffield, especially the domiciliary care sector which was facing significant challenges.
- The finance department's concerns that they were unable to check the data to substantiate the validity of Non Contractual Activity (NCA) invoices

The Chair noted that the committee had recommended:

- Proposed changes to the AIGC's Terms of Reference to Governing Body for approval.
- Proposed changed to the Governance Sub Committee's (GSC) Terms of Reference for approval, noting that, in the meantime, they would be circulated

virtually to the existing and proposed new membership of the GSC for comment.

- The useful External and Internal Audit technical updates to Governing Body to make them aware of what was available.

53/16 Date and Time of Next Meeting

Thursday 30 March 2017, 2.00 pm – 4.00 pm, Boardroom, 722 Prince of Wales Road