

**Report from Audit and Integrated Governance Committee
 meeting held on 24 May 2018**

Item 21f

Governing Body meeting

5 July 2018

Author(s)	Carol Henderson, Committee Secretary / PA to Director of Finance Julia Newton, Director of Finance
Sponsor Director	Phil Taylor, Chair of Audit and Integrated Governance Committee
Purpose of Paper	
The paper summarises the key points arising from the CCG's Audit and Integrated Governance Committee meeting on 5 April 2018 and is accompanied by the unadopted minutes of the meeting.	
Key Issues	
Key issues are as set out in the paper.	
Is your report for Approval / Consideration / Noting	
Noting	
Recommendations / Action Required by Governing Body	
The Governing Body is asked to: 1. Note the key messages in the Executive Summary 2. Receive the unadopted minutes from the 5 April 2018 meeting	
Governing Body Assurance Framework	
<i>Which of the CCG's objectives does this paper support?</i> 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	
Are there any Resource Implications (including Financial, Staffing etc)?	
None	

Have you carried out an Equality Impact Assessment and is it attached?

Please attach if completed. Please explain if not, why not
Not applicable

Have you involved patients, carers and the public in the preparation of the report?

Not applicable

Report from Audit and Integrated Governance Committee (AIGC) meeting held on 24 May 2018

Governing Body meeting

5 July 2018

EXECUTIVE SUMMARY

Conflicts of Interests Mandatory Training

The AIGC was pleased to note that the organisation had achieved the conflicts of interests mandatory on-line training compliance rate of 90% by the required deadline

Financial Accounts for 2017/18

AIGC reviewed the Annual Accounts and Annual Report for 2017/18, including the Management Letter of Representation, and recommended them to Governing Body for adoption and approval, and for sign off by the CCG Chair and Accountable Officer of the relevant documents. They also noted that the CCG's external auditors, KPMG, would be issuing an Unqualified Opinion on the CCG's annual accounts.

Head of Internal Audit's Annual Report and Opinion

AIGC received the Head of Internal Audit's Annual Report and Opinion and noted the Significant Assurance that had been given.

Internal Audit Progress Report 2017/18

AIGC received Internal Audit's progress report for 2017/18 and received assurance that the relevant issues were being addressed.

Counter Fraud Update

AIGC received the annual report of the Local Counter Fraud Specialist and noted the arrangements in place for managing strategic risks.

CCG Annual Risk Report for 2017/18

AIGC received the CCG's Annual Risk Report for 2017/18 as assurance of arrangements in place in relation to risk management within the organisation.

Review of Audit Committee Agendas

AIGC considered recommendations from 360 Assurance (the CCG's Internal Auditors), review of agendas and the frequency of Audit Committee meetings across South Yorkshire and Bassetlaw (SYB), and agreed that:

- The Governance Sub-committee would be charged with reviewing the CCG's current Whistleblowing Policy in August when it next met.
- The Governance Sub-committee would be asked to present an annual report to the AIGC.
- AIGC meetings would continue to take place on a quarterly basis.

**Audit and Integrated Governance Committee
Unadopted minutes of the meeting held on 24 May 2018
Boardroom, 722 Prince of Wales Road**

Present: Mr Phil Taylor, Lay Member (Chair)
Ms Amanda Forrest, Lay Member
Professor Mark Gamsu, Lay Member
Dr Jennie Joyce, CCG Governing Body GP
Dr Kirsty Gillgrass, CCG Governing Body GP

In Attendance: Ms Rebecca Good, Financial Accountant, NHSSCCG
Ms Carol Henderson, Committee Secretary / PA to Director of Finance, NHSSCCG
Mrs Sue Laing, Corporate Services Risk and Governance Manager, NHSSCCG
Mr Iain Leviston, Manager, Public Sector Audit, KPMG
Ms Kay Meats, Client Manager, 360 Assurance
Ms Jackie Mills, Deputy Director of Finance, NHSSCCG
Ms Julia Newton, Director of Finance, NHSSCCG
Ms Clare Partridge, Director, KPMG (up to item 20/18(b))
Mr Robert Purseglove, Local Counter Fraud Specialist, 360 Assurance (up to item 22/18(a))
Mrs Maggie Sherlock, Senior Quality Manager, NHSSCCG (for item 22/18(a))

Minute		ACTION
15/18	<p>Welcomes, Introductions and Apologies for Absence</p> <p>Apologies for absence from those who were normally in attendance had been received from Ms Leanne Hawkes, Deputy Director / Client Manager, 360 Assurance.</p> <p>The Chair welcomed attendees to the meeting and declared the meeting was quorate.</p> <p>The Chair welcomed Dr Kirsty Gillgrass to her first meeting of the committee and explained that, from 14 May 2018, she had been appointed as the Hallam and South (HAS) Locality Appointed GP on Governing Body and hence the Audit and Integrated Governance Committee, replacing Dr Ngozi Anumba who had stepped down from her role on 13 May 2018 when her tenure ended.</p> <p>The Chair also expressed his thanks to Professor Gamsu, Lay Member, who was attending the meeting as a co-opted member until an appointment had been made to the vacant Governing Body Lay Member post, who would also be a member of the AIGC.</p>	

16/18

Declarations of Interest

The Chair reminded committee members of their obligation to declare any interest they may have on matters arising at Audit and Integrated Governance Committee meetings which might conflict with the business of NHS Sheffield Clinical Commissioning Group (CCG). He also reminded members that, in future, not only would any conflicts of interests need to be noted but there would also need to be a note of action taken to manage this.

Declarations made by members of the Audit and Integrated Governance Committee are listed in the CCG's Register of Interests. The Register is available either via the secretary to the Audit and Integrated Governance Committee or the CCG website at the following link:

<http://www.sheffieldccg.nhs.uk/about-us/declarations-of-interest.htm>

There were no declarations of interest relating to agenda items from today's meeting.

17/18

Minutes and Matters Arising of the meeting held on 5 April 2018

i) Accuracy

The minutes of the meeting on 5 April 2018 were agreed as a correct record.

ii) Matters Arising

a) Update on 2017/18 Internal Audit Plan (minute 07/18(c) refers)

The Deputy Director of Finance advised members that the Memorandum of Understanding (MoU) for the Individual Funding Requests (IFR) shared service had not yet been signed off. She reported that members of the finance and IFR teams had agreed that the MoU for 2018/19 would be signed off at the end of June, and she would report back to the AIGC when this was the case.

JM

b) Local Counter Fraud 2017/18 Update Report (minute 10/18(a) refers)

The Local Counter Fraud Specialist (LCFS) advised members that the results of the counter fraud, bribery and corruption awareness survey would be presented as part of his next report to the AIGC in September.

RP

c) Review of Standing Orders, Prime Financial Policies and Detailed Financial Policies (minute 08/18(b) refers)

The Director of Finance advised members that the proposed minor changes had been approved by Governing Body on 3 May 2018 and as the Standing Orders and Prime Financial Policies form part of the CCG's Constitution, the proposed changes would be included next time Member practices were asked to approve changes to the CCG's Constitution later in the year.

SKL

d) NHS England Conflicts of Interests Audit (minute 08/18(h) refers)

Members asked that the review of the Association of the British Pharmaceutical Industry (ABPI) register to cross check whether any Governing Body members appeared, be kept on as a matter arising as new data on Disclosure UK was due at the end of June 2018.

SKL

e) Conflicts of Interests Training (minute 12/18(b) refers)

The Corporate Services Risk and Governance Manager advised members that the organisation had achieved the conflicts of interests mandatory on-line training compliance rate of 90%. She highlighted that staff would now be encouraged to complete the Modules 2 and 3 on-line training.

18/18

CCG 2017/18 Statutory Accounts and Annual Report

a) CCG Audited Annual Accounts 2017/18 with Explanatory Paper

The Director of Finance presented the final audited accounts for 2017/18 and advised the committee that there were no material changes from the draft accounts presented to Governing Body on 3 May. Just one presentational change that had needed to be made relating to late guidance from NHS England on how they required CCGs to present prior year end surpluses. A summary of the change was set out in section 3 of the explanatory report.

She advised members that our external auditors had given us an **Unqualified** Opinion on the accounts, concluding that the CCG had made proper arrangements to secure economy, efficiency and effectiveness in its Value for Money (VfM) and Use of Resources. However, they had brought one issue to the CCG's attention in that the final costs for prescribing spend for March had been significantly lower than we had estimated.

The Director of Finance advised that GP members of the AIGC had suggested that a training session with members of the finance team to explain the key statements in the accounts would be helpful.

JN/JM

The Chair asked about the CCG's current assets, especially relating to prepayments we had made in respect of maternity pathway payments. The Deputy Director of Finance explained that this reflected how the CCG was required to pay for antenatal care. The CCG makes one payment for the whole period of care at an early stage in the maternity pathway.

On behalf of the committee, the Director of Finance was asked to thank her team for preparation of the accurate accounts.

The Audit and Integrated Governance Committee recommended to the Governing Body that the final audited accounts, as presented to the AIGC, were approved and adopted.

b) External Audit ISA260 Report

The Director, KPMG, presented this report which provided a summary of the work they had carried out to discharge their statutory audit responsibilities to those charged with governance at the time they were considering the annual accounts, and which summarised the key issues they had identified during their audit of the accounts. She drew the committee's attention to the key issues.

They were giving a full **Unqualified** Audit Opinion on Value for Money (VfM) and Use of Resources. They had identified some minor presentational changes to the accounts, as set out in section 2 and Appendix 1. The Manager, Public Sector Audit, KPMG, advised members that section 2 outlined the different stages of work they undertook for their audit. In particular, he thanked the Deputy Director of Finance, the Management Accountant, and members of the finance team for their help and support in providing them with the necessary working papers which, he reported, had been very good and accessible.

The Manager, Public Sector Audit, KPMG, advised members that, as part of their audit work, they had also considered a number of service auditor reports relating to different shared services, noting that Capita Business Services Ltd had a **Qualified** opinion due to control inadequacies, which had been an issue for a number of years.

Page 9 set out the two risks they were required to assess as part of every audit they undertake: fraud risk from revenue recognition, and fraud risk from management override of controls. He advised that work had to be undertaken on the former that included reviewing the journals the CCG produced. A significant area of risk had also been included relating to Accounting for Primary Care Commissioning, which had also been picked up in all the other CCGs' audits, in that, as in previous years, they had not been able to get the assurances they needed from the service auditor reports.

With regard to areas where they had had to make judgements within the financial statements, the Manager, Public Sector Audit, advised this related to the final costs for prescribing spend for March which had been significantly lower than the CCG had estimated (as noted under minute 18/18(a)). The Director of Finance explained that the CCG, and a number of other CCGs, had made an assumption based on historical data regarding prescribing costs in the lead up to the Easter period, which fell in the last weekend of March. External Audit confirmed the estimate was not a control error.

With regard to Value for Money, the Director, KPMG, advised members that part of their audit had included review of the management and governance processes around the CCG's Quality, Innovation, Productivity and Prevention (QIPP) plan which, they had felt, were very strong this year. She noted that additional savings on staff budgets had not been included as part of QIPP delivery in 2017/18. The Director of Finance explained that, whilst the CCG had targeted control on management costs, including making savings relating to spend on consultancy fees, these had not been badged as QIPP which in

hindsight might have been too harsh an interpretation of QIPP. She confirmed there were other areas of spend that had realised savings but which we had not attributed to QIPP. Ms Forrest, Lay Member, commented that it might provide some balance to members of the public if we could illustrate that we were making some savings on spend on staff and consultancy fees in addition to the savings we were making on patient services.

The Director, KPMG, expressed her formal thanks to the Director of Finance and her team for their continued efforts to produce outstanding accounts. She also expressed her thanks to the Director of Finance and her team for ensuring that, operationally, it had again been a smooth audit.

The Chair also thanked everyone involved in preparing the accounts and undertaking the audits.

The Audit and Integrated Governance Committee received and noted the External Audit ISA260 Report

c) Management Representation Letter

The Director of Finance presented the Management Representation Letter. She advised the committee that it was very similar to last year and the CCG's Accountable Officer and Chair would be asked to sign once it was recommended by the AIGC for approval by Governing Body.

The Audit and Integrated Governance Committee recommended that the Governing Body approve the 'Letter of Management Representation' as attached at Paper Biii.

d) Annual Report 2017/18 including Remuneration Report and Annual Governance Statement with Explanatory Paper

The Director of Finance presented this report. She advised the committee that the Governing Body had received a draft copy for comment on 3 May and reported that a number of comments had been made as set out in section 1.5 of the cover report. These, together with helpful comments and suggestions from the auditors and NHS England, had all been taken into account and incorporated into the final report.

She advised members of a couple of late changes to the report relating to a change on page 89 regarding the remit of the Remuneration Committee, and to the inclusion of staff sickness absence data on page 95, which was historically always a late addition.

She drew the committee's attention to the Annual Governance Statement (AGS), which the AIGC had had the chance to comment on in early April. She reported that helpful comments had been received from audit and NHS England colleagues. She advised that the CCG had received a final Head of Internal Audit Opinion that provided **Significant Assurance**. She expressed her

thanks, in particular, to the Corporate Services Risk and Governance Manager for all her hard work in pulling the AGS together.

The Chair commented that the AGS read very well and gave reassurance in the way it was worded and set out what the CCG had done in an appropriate and strong way.

The Director of Finance advised members that, subject to approval from Governing Body, the Annual Report and Accounts would be submitted to NHS England by 12.00 noon on 29 May 2018 and published on the CCG's website.

The Chair thanked all those involved in the preparation and audit of the report which he recognised was a challenging logistical exercise each year.

The Audit and Integrated Governance Committee:

- Recommended to the Governing Body that they approve the final Annual Report, incorporating the final Annual Governance Statement, subject to the two amendments, as noted above.
- Recommended to Governing Body that all relevant sections and declarations be signed by the Accountable Officer.

19/18 External Audit

2018/19 Audit Fee Letter

The Director, KPMG, gave an oral update and advised members that the audit fee was now agreed as part of the new procurement process and was covered in the ISA260, which meant it could be removed from the AIGC's yearly workplan.

The Audit and Integrated Governance Committee noted the update.

20/18 Internal Audit

a) CCG 2017/18 Internal Audit Annual Report including Head of Internal Audit Opinion

The Client Manager, 360 Assurance, presented this report. As noted under minute 18/18(d), she advised the committee that they had been able to provide **Significant Assurance** that there was a generally sound system of internal control designed to meet the organisation's objectives and that controls were generally being applied consistently. She advised members that the Opinion had not changed since the draft presented to AIGC in April and was based primarily on the CCG's Governing Body Assurance Framework. She advised members that none of her client CCGs had received Full Assurance, which was very difficult to achieve

The Client Manager, 360 Assurance, drew members' attention to the following key highlights.

JN
(CRH)

Section 1 included a snapshot of the three areas Internal Audit focused their Head of Internal Audit Opinion on and she advised that no issues had been raised since the last audit that would have had an impact on their original draft Opinion. Section 1.3.1 provided a summary of the Governing Body Assurance Framework (GBAF) and strategic risk management arrangements throughout the year. Section 1.3.2 detailed the audit assignments that had been undertaken in 2017/18, all of which had been completed, with eight reports issued, seven of which had been given **Significant Assurance**, and one that had been issued with no opinion due to the nature of the review. Two reviews from 2016/17, that had not been concluded at the time of their 2016/17 Opinion, had also been considered. Section 1.3.3 summarised the follow up work that had been undertaken, with 74% of agreed actions implemented. With this in mind, they were looking to review their follow up approach for 2018/19, which would include more regular updates to the AIGC. A report in this respect would be presented to the next meeting.

KM

Ms Forrest, Lay Member, asked why there was no level of assurance given to either the review of the CCG's Agreement with Primary Care Sheffield or to the review of the CCG's patient and public engagement (PPE) arrangements. The Client Manager, 360 Assurance, explained that an assurance depended on the scope of the review undertaken. However, any recommendations would be picked up as part of the follow up work arrangements.

With regard to the review of the CCG's patient and public engagement arrangements which had been part of the plan for 2016/17, the Client Manager, 360 Assurance, advised members that they had been asked to review a specific area of the arrangements. She reported that there were some actions from the recommendations from that review still to be completed, progress on which would be presented the AIGC after the revised September implementation date. She explained that this was a revised date as the recommended actions had not been completed by the original due date. Professor Gamsu, Lay Member, expressed concerns about this lack of assurance around PPE.

The Director of Finance reminded members that there was a three year rolling programme for audit, so if a review had been undertaken in 2016/17 it would not be undertaken again next year, although follow up work on actions from recommendations would be undertaken. She asked 360 Assurance to note that the Responsible Officer for the PPE audit was now the CCG's Director of Delivery – Care Outside of Hospital.

Ms Forrest, Lay Member, drew members' attention to page 2 of section 2 and the graph that summarised the outcomes of client satisfaction questionnaires. She expressed surprise on the low numbers of CCGs that were less than highly satisfied with the service they received as she was not aware there were any issues or problems. The Client Manager, 360 Assurance, advised members that the questionnaires were sent out to clients after each audit review had concluded and that these were followed up if a response was not forthcoming.

The Client Manager, 360 Assurance, reminded members that Internal Audit

were required to comply with the mandatory Public Sector Internal Audit Standards (PSIAS), which included that providers of internal audit services have an independent assessment at least every five years. She advised members that 360 Assurance had commissioned the Chartered Institute of Public Finance and Accountancy (CIPFA) to undertake their second external assessment of compliance against the PSIA standards and was pleased to be able to advise the committee that they had been given **Generally Conforms**, the highest level of compliance.

The Committee received and noted the CCG's 2017/18 Internal Audit Annual Report including the final Head of Internal Audit Opinion.

The Director, KPMG, left the meeting at this stage.

b) Final Progress Report on 2017/18 Audits

The Client Manager, 360 Assurance, presented this report which summarised the position on the 2017/18 internal audit plans. She drew the committee's attention to section 4 which highlighted and summarised the reports that had been issued from the 2017/18 reviews. She advised members that the report from the audit of the Integrity of the CCG's General ledger and Key Financial systems had recently been issued, with the findings from the review summarised in section 4.2.1.

The committee noted that **Significant Assurance** had been provided that, except for the specific weaknesses identified by their audit in the areas examined, the risk management activities and controls were suitably designed, and were operating with sufficient effectiveness, to provide reasonable assurance that the control environment had been effectively managed during the period under review. Their opinion had been limited to the controls examined and samples tested as part of this review. Three low risk recommendations had been issued and agreed with CCG officers.

Ms Forrest, Lay Member, asked about the follow up status of the medium risk recommendation relating to the review of the CCG's continuing healthcare (CHC) arrangements undertaken in 2016/17, which the paper reported had been only 'partially implemented'. The Deputy Director of Finance explained that this recommendation related to providing guidance on how staff should proceed in the absence of a Limited Power of Attorney (LPOA), which the CHC team thought they had completed, but which was still included as an ongoing action on the report to be discussed under minute 23/18: Update Report on Internal Audit Recommendations – High and Medium Risks. The Client Manager, 360 Assurance, advised members that she would review this action and provide a progress report to the next meeting.

KM

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

c) Commissioner Technical Update

The Client Manager, 360 Assurance, presented this report. She had no particular issues to draw to the committee's attention. 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) Review of Audit and Integrated Governance Committee (AIGC) Agendas

The Client Manager, 360 Assurance, presented this report which, she advised, had been prepared followed discussions with the AIGC Chair who had asked 360 Assurance to undertake a piece of work to review agendas and the frequency of Audit Committee meetings across South Yorkshire and Bassetlaw (SYB). She advised members that the salient points for AIGC to consider had been highlighted throughout the report. Members discussed the following.

i) Consider adding a review of whistleblowing arrangements to the AIGC work plan for 2018/19 in accordance with the NHS Audit Committee Handbook

The Chair commented that this was an important issue for the committee to ensure that the CCG's whistleblowing arrangements were appropriate and working well, and one that he would welcome being added to the AIGC's workplan. The Director of Finance advised the committee that the CCG's Whistleblowing Policy was presented to and approved by the Governance Sub-Committee (GSc) (a sub-committee of the AIGC) and suggested that GSc be charged with reviewing the current policy in August when they next met, with a view to presenting a report to AIGC at its next meeting in September.

JM/SKL

This was approved by members.

ii) Consider whether it would be helpful to have a 'Financial Matters' report which incorporates special payments, losses, waivers of tenders and quotes as well as a summary of the financial position reported to the Governing Body

The view of the Director of Finance was it would not add any value to bring a summary of the CCG's financial position to the AIGC as Governing Body received a report each month and gave considerable time if required, also in private sessions for discussions, and that separately the integrated QIPP Group which included four Governing Body members considered the QIPP plan each month. She suggested that it would be helpful for other financial matters, except for the payables and receivables report which would remain as a stand alone document, to be incorporated into one report

RG

This was approved by members.

- iii) **Consider whether it is appropriate for Executive Officers / Risk Owners to attend AIGC meetings on a cyclical basis to provide assurance on their risks on the Governing Body Assurance Framework (GBAF) and Risk Register.**

The Director of Finance reminded members that they already reviewed the GBAF and invited individual Executive Officers / Risk Owners to attend AIGC meetings if members had any concerns about specific risks, and that there was an opportunity to invite fellow directors at other points in the year to discuss those risk areas.

Members agreed that, as they did not perceive they had any gaps in their understanding of either the GBAF or Risk Register, they would not invite Executive Officers / Risk Owners to attend AIGC on a regular basis.

- iv) **Consider requesting committees reporting to AIGC to provide an Annual Assurance Report as a source of assurance regarding integrated governance which would also feed into the AIGC Annual Report**

The Deputy Director of Finance reminded members that the Governance Sub-committee (GSc) reported to the AIGC. Members agreed that it would be good practice to do this as it would provide them with a record of the work that GSc had undertaken throughout the year.

JM/SKL

- v) **At the closure of the meeting consider whether it would be helpful to reflect on how well the meeting has been conducted, whether any training needs have been identified and consider any items to be added to the Governing Body Assurance Framework**

Members agreed that it would be helpful to include a debrief as an agenda item at the end of each AIGC meeting.

JN(CRH)

- vi) **Consider whether the frequency of meetings is sufficient to meet AIGC remit taking into account the complementary work conducted by the Governance Sub-Committee which meets quarterly**

Members agreed that AIGC meetings should continue to take place on a quarterly basis 'on the basis that there is a Governance sub-committee undertaking significant work on behalf of AIGC.

21/18

Counter Fraud

- a) **Local Counter Fraud 2017/18 Annual Report**

The Local Counter Fraud Specialist (LCFS) presented this report which summarised the activity that had been reported to AIGC throughout the year,

reflected the CCG's compliance with the standards, and also included its self review tool compliance within the appendix. He had no particular issues to bring to the committee's attention, except to draw their attention to the Conclusion at page 12 of the report, which provided assurance that the activities delivered by 360 Assurance were efficient and effective.

Ms Forrest, Lay Member, commented that standards 4.3 and 4.6 under 'Hold to Account' seemed to be the CCG's weakest areas. The LCFS confirmed that the CCG was doing all it could in these two areas, and reported that he would present details of three referrals to the next AIGC meeting. He advised that none of the referrals from 2017/18 had resulted in any formal criminal proceedings.

Finally, the LCFS thanked the Director of Finance and members of the committee for the declaration that the anti-fraud, bribery and corruption work carried out during 2017/18 had been self-reviewed against the NHS Counter Fraud Authority's (NHSCFA) fraud, bribery and corruption Standards for Commissioners and the NHS Standard Contract, and that the four Green and one Amber ratings had been achieved.

The Chair thanked the Local Counter Fraud Specialist for all the hard work he had undertaken for the CCG over the past year.

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

The Local Counter Fraud Specialist left the meeting at this stage.

22/18

Governance – Key Issues for Audit and Integrated Governance Committee

a) Quality Assurance Committee (QAC) Report including Unadopted Minutes of the Meeting held on 10 May 2018

Ms Maggie Sherlock, Senior Quality Manager, presented the unadopted minutes from the meeting held on 10 May 2018 and advised members that the key issues discussed had included the work that had been undertaken by Sheffield Children's NHS Foundation Trust (SCHFT) to demonstrate the work they had undertaken to improve patient experience and engagement, that effective mechanisms needed to be established in primary care to share good practice from the series of Care Quality Commission (CQC) practice visits to drive improvements in primary care, that Sheffield Health and Social Care NHS Foundation Trust (SHSCFT) did not adequately triangulate its patient experience information, they had noted the CCG's Care Home team's annual report and significant innovation that had been undertaken, and the programme of patient stories that would be presented at Governing Body.

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

23/18

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 four outstanding actions had been brought forward from April 2018, one of which had now been completed and rated Green, and three new recommendations relating to follow up audits on the review of the Agreement with Primary Care Sheffield Ltd and on the review of Continuing Healthcare, which had two actions. She advised members that all of the actions relating to the follow ups had now been completed and rated Green, and that most of the Amber actions were not yet due for implementation.

The Corporate Service Risk and Governance Manager was asked to check if the Data Quality Framework Plan on a Page would need to be presented to Governing Body for approval either before or after the next Governance Sub-committee meeting taking place in August.

The Audit and Integrated Governance Committee:

- Noted the progress against all the outstanding agreed actions.
- Confirmed that 'Green' completed actions could be excluded from further updates to the committee.

SKL

22/18
(continued)

Governance – Key Issues for Audit and Integrated Governance Committee

b) Review of Audit and Integrated Governance Committee's Terms of Reference

The Director of Finance presented this report which provided details of one proposed minor change under section 3.8.3 to reflect that the committee had delegated authority from Governing Body to approve any recommendations from the Governance Sub-committee's for changes to its Terms of Reference.

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

c) Bi-Annual Review of the CCG's Registers of Interests, Procurement, and Gifts and Hospitality and Sponsorship

The Corporate Services Risk and Governance Manager presented this report which updated the committee on the bi-annual review of the CCG's Registers of Interests, Procurement, and Gifts and Hospitality and Sponsorship, and drew their attention to the key issues.

Since the report had been written, 255 of 322 CCG staff had completed and returned an individual declaration of interest form. Forty returns had been

returned from Member practices, a slight increase from the last review. However, 19 of these did not indicate which practice the return related to, and some did not say if they were a Partner or Salaried GP at their practice. The Corporate Services Risk and Governance Manager was asked to share the register with the four Locality Managers to pursue this on the CCG's behalf. She advised members that the guidance stated that there was a requirement for practices to complete a declaration of interest form as we were a Membership organisation, although there was no requirement for GPs to undertake conflicts of interests training.

The Audit and Integrated Governance Committee:

- Received this report as assurance of the CCG's arrangements in relation to managing conflicts of interest and gifts and hospitality.
- Noted the registers of interests and that further work was required to ensure all staff and practices were aware of the requirement for completion of Declarations of Interest.

d) Integrated Care System (ICS) / Accountable Care Partnership (ACP) Governance

The Chair gave an oral update from a meeting of the South Yorkshire and Bassetlaw (SYB) sICS meeting of the Non Executive Directors (NEDS) and Lay Members that had taken place on 1 May 2018. He advised members that the main focus of the meeting had been to present the Hospital Services Review (HSR) prior to its publication the following day. The Director of Finance advised members that three workshops on the future of commissioning would be taking place from June to September when the main focus would be about the working of the Joint Commissioning Committee of CCGs (JCCCG). She advised that each CCG had been allocated five places for Governing Body members to attend and that Governing Body would be kept updated of progress.

Ms Forrest, Lay Member, commented that she had been unclear as to whether the 1 May meeting had been about HSR or ICS, and had felt that it had been very provider driven as there had been no CCG speakers and no reference had been made to commissioning.

The Audit and Integrated Governance Committee noted the update.

e) Governance Sub Committee (GSc) Report including Unadopted Minutes of the Meeting held on 25 April 2018

The Corporate Services Risk and Governance Manager presented the report and unadopted minutes. She had no particular items to draw to members' attention, except to advise that GSc had received assurance that there had been significant improvement in terms of Freedom of Information (FOI) responses sent within the 20 working day legal requirement.

The Deputy Director of Finance advised members that the meeting had also focused on information governance, especially related to the new requirements

of General Data Protection Regulation (GDPR).

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

f) First Review of 2018/19 Governing Body Assurance Framework (GBAF) and Risk Register (RR)

The Corporate Services Risk and Governance Manager presented this report which outlined the work that continued with regard to management of strategic and operational risks facing delivery of the organisation's key objectives, and reported the position up to and including 10 May 2018. She advised members that directors had reviewed their risks in early May due to the cut off date for papers for the AIGC meeting, and that on 19 June they would come together for a 'confirm and challenge' meeting to collectively review all the risks. She advised members that the risk scoring of 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 life expectancy, had been reduced to 12 from 16 following discussions between the CCG's Director of Commissioning and Performance and members of the Mental Health and Learning Disabilities portfolio team.

She advised that there had been no changes in the number of risks, with 17 identified risks remaining on the GBAF, five of which remained very high, three continued to show gaps in control, and two that identified a gap in assurance.

Members discussed how the CCG could determine what the CCG responsibilities were in relation to Objective 3: To work with the Sheffield City Council (SCC) to continue to reduce health inequalities in Sheffield. The Director of Finance explained that the Health and Wellbeing Board action plan was the key we ascribed to with our partners to addressing inequalities. The Chair suggested to review this risk as a Governing Body later in the afternoon and to bring it back to the next AIGC meeting as a matter arising. She also drew members' attention to the appended document from 360 Assurance that outlined the summary findings of their 2017/18 Board survey that had focused on risk management, governance and culture, and highlighted the areas of consideration throughout the report, which would be reviewed by the Senior Management Team (SMT) at their next review of the GBAF on 19 June.

JN

The Audit and Integrated Governance Committee:

- Noted the position with regard to the GBAF and arrangements in place for managing strategic risks up to 10 May 2018.
- Noted the arrangements in place with regard to the management of corporate risks.

g) Legal Claims Update

The Corporate Services Risk and Governance Manager gave an oral update and advised members that she would provide an update at the next AIGC

SKL

meeting on the one claim that was in the system but which had not yet been received.

The Audit and Integrated Governance Committee noted the update.

h) 2017/18 Annual Risk Report

The Corporate Services Risk and Governance Manager presented this report which provided assurance to the committee of the arrangements that were in place to management risk within the CCG. She reminded members that this annual report was a requirement of the CCG's Risk Management Strategy and advise that there was a strong plan in place, supported by 360 Assurance's Head of Internal Audit Opinion.

The Chair commented on the low compliance rate of 69% for mandatory risk management training for all CCG staff. The Director of Finance and the Corporate Services Risk and Governance Manager were asked to take action to raise the profile of this training. The Client Manager, 360 Assurance, advised members that she would provide an update to the next AIGC meeting with regard to whether training figures were included on other CCG's reports.

The Audit and Integrated Governance Committee noted and received the Annual Risk Report for 2017/18 as assurance of arrangements in place in relation to risk management within the CCG.

JN/SKL

KM

24/18

Other reports

a) Losses and Special Payments Since 1 April 2018

The Management Accountant presented this report which provided the committee with a summary of instances where Losses and Special Payments had been approved since 1 April 2018. She advised members that there had been one payment to date of this nature relating to 2018/19, and one payment relating to 2017/18 which had occurred since the last report to AIGC in April, which had been included in the CCG's financial accounts. Details of both payments were outlined in the attached table at Appendix A.

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

b) Competitive Tender Waiver Approvals Since 1 April 2018

The Management Accountant presented this report which provided the committee with information on instances where the competitive tendering rules had been waived since 1 April 2018. She reported that there had been one tender waiver to date in 2018/19, which had only been received on 22 May, the details of which would be formally reported to AIGC in September, but which related to payment to Deloitte for immediate work relating to the HSR review that needed to be undertaken before the end of June. The Director of Finance advised members that we would be looking to go out to tender for the next

stage of this work.

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

25/18 Any Other Business

There was no further business to discuss this month.

26/18 Key Highlights for Governing Body

The Chair proposed to report:

- That the committee had noted that the organisation had achieved the conflicts of interests mandatory on-line training compliance rate of 90%.
- The committee's review of the CCG's Annual Accounts, including the Management Letter of Representation, and Annual Report for 2017/18 (on which they had approved two late changes) and their recommendation to Governing Body for approval, and sign off by the CCG Chair and Accountable Officer of the relevant documents.
- That KPMG would be issuing an Unqualified Opinion on the CCG's annual accounts. .
- That the committee had received the Head of Internal Audit's Annual Report and Opinion and noted the Significant Assurance that had been given.
- That the committee had received Internal Audit's progress report for 2017/18 and received assurance that the relevant issues were being addressed. That the committee had received the annual report of the Local Counter Fraud Specialist and noted the arrangements in place for managing strategic risks.
- That the committee had received the CCG's Annual Risk Report for 2017/18 as assurance of arrangements in place in relation to risk management within the organisation
- That the committee had considered recommendations from 360 Assurance's review of agendas and the frequency of Audit Committee meetings across South Yorkshire and Bassetlaw (SYB), and had agreed that:
 - The Governance Sub-committee be charged with reviewing the CCG's current Whistleblowing Policy in August when it next met.
 - The Governance Sub-committee would be asked to present an annual report to the AIGC.
 - AIGC meetings would continue to take place on a quarterly basis.

26/18 Date and Time of Next Meeting

Thursday 13 September 2018, 2.00 pm –4.00 pm, Boardroom, 722 Prince of Wales Road