

**Report from Audit and Integrated Governance Committee  
 meeting held on 5 April 2018**

Item 23f

**Governing Body meeting**

**3 May 2018**

<b>Author(s)</b>	Carol Henderson, Committee Secretary / PA to Director of Finance Julia Newton, Director of Finance
<b>Sponsor Director</b>	Phil Taylor, Chair of Audit and Integrated Governance Committee
<b>Purpose of Paper</b>	
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.	
<b>Key Issues</b>	
Key issues are as set out in the paper.	
<b>Is your report for Approval / Consideration / Noting</b>	
Noting	
<b>Recommendations / Action Required by Governing Body</b>	
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	
<b>Governing Body Assurance Framework</b>	
<b><i>Which of the CCG's objectives does this paper support?</i></b> 5. Organisational development to ensure CCG meets organisational health and capability requirements  <b>Principal Risk 5.4</b> Inadequate adherence to principles of good governance and legal framework leading to breach of regulations and consequent reputational or financial damage	
<b>Are there any Resource Implications (including Financial, Staffing etc)?</b>	
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 meeting held on 5 April 2018**

### **Governing Body meeting**

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#### **EXECUTIVE SUMMARY**

##### Overall View of the AIGC's Self Assessment Exercise

AIGC discussed the results of its annual self assessment exercise using the KPMG audit committee checklist. No major issues were identified; however, members considered a number of areas for further consideration, in particular professional development, and whether they balanced the time spent on reports and risk content vs whether the CCG's executive team were taking the right approach to controlling organisational risks. Members agreed that it would be helpful to have a training session led by internal/external auditors around risk management, and also to run "The role of the AIGC" as a starter session when the AIGC's new Lay Member and GP had been appointed.

##### AIGC's Workplan for 2018/19

AIGC agreed its workplan for 2018/19, noting that the only necessitated change from 2017/18 was the inclusion of quarterly updates on governance arrangements for the Accountable Care Partnership (ACP) / Integrated Care System (ICS).

##### Annual Report from the Chair of AIGC

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

##### Internal Audit Plan for 2018/19

The CCG's Internal Auditors, 360 Assurance, presented the draft plan which had previously been discussed with the Director of Finance and the CCG's other executive directors. AIGC approved the draft plan. The committee noted that Internal Audit were on track with their audit plan for 2017/18.

##### External Audit Plan for 2018/19

The CCG's External Auditors, KPMG, presented the draft plan which had previously been discussed with the Director of Finance. AIGC approved the draft plan. The committee noted that External Audit were on track with their audit plan for 2017/18.

## Local Counter Fraud 2018/19 Fraud, Bribery and Corruption Assessment and Work Plan

The Local Counter Fraud Specialist, 360 Assurance, presented the draft plan which had previously been discussed with the Director of Finance. The AIGC noted that the CCG's risk register and incident reporting over the last year had been reviewed. AIGC approved the draft plan and noted that Counter Fraud had delivered the 2017/18 plan.

## Financial Accounts for 2017/18

The Committee received an update from the Deputy Director of Finance outlining key requirements to ensure that the CCG fulfilled its statutory responsibility to produce annual audited accounts and an annual report within the required timetable. The Committee approved the proposed accounting policies for preparation of the CCG's annual financial accounts for 2017/18 and the methodologies for estimating information where final data was not available by the accounts completion date.

## **Governance**

### Review of CCG's Standing Orders, Scheme of Delegation and Reservation, Prime Financial Policies and Detailed Financial Policies

AIGC noted that reviews of the CCG's Standing Orders, Scheme of Delegation and Reservation, Prime Financial Policies had been undertaken and recommended proposed changes to Governing Body and Member practices for approval as part of the next round of changes to the CCG's Constitution. AIGC approved proposed changes to the Detailed Financial Policies.

AIGC approved the CCG's Risk Management Strategy and Action Plan for 2018/19.

AIGC received the Interim Head of Internal Opinion for 2017/18 and noted that it gave **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. However, this would be an interim Opinion until the final submission to AIGC and Governing Body on 24 May 2018.

The committee received a presentation Sheffield ACP Programme Director on governance arrangements for the ACP and requested a further update be given in September 2018.

The committee reviewed and approved proposed changes to the Governance Sub-Committee's Terms of Reference.

The committee was reminded that the mandatory conflicts of interests module 1 on-line training for staff needed to be completed by 30 April 2018, with the NHS England target being a minimum 90% compliance rate.

The committee was concerned about the number of tender waivers but noted that they were due primarily to Primary Care Commissioning Committee agreeing the extension of certain existing contracts whilst the CCG continues to undertake the consultation on potential reconfiguration of urgent care in primary care services. Members of AIGC stressed that it was important that the CCG ensure it had full and legitimate reasons for waiving tenders instead of going out to procurement.

**Audit and Integrated Governance Committee  
Unadopted minutes of the meeting held on 5 April 2018  
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  
Prof Mark Gamsu, Lay Member  
Dr Jennie Joyce, CCG Governing Body GP

**In Attendance:** Ms Carol Henderson, Committee Secretary / PA to Director of Finance, NHSSCCG  
Ms Rebecca Joyce, Sheffield Accountable Care Partnership (ACP) Director (for item 08/18(a))  
Mrs Sue Laing, Corporate Services Risk and Governance Manager, NHSSCCG  
Mr Iain Leviston, Manager, Public Sector Audit, KPMG  
Ms Jackie Mills, Deputy Director of Finance, NHSSCCG  
Ms Julia Newton, Director of Finance, NHSSCCG  
Mr Robert Purseglove, Local Counter Fraud Specialist, 360 Assurance  
Mr Tim Thomas, Director, 360 Assurance

**Minute**

**ACTION**

**01/18**

**Welcomes, Introductions and Apologies for Absence**

Apologies for absence from those who were normally in attendance had been received from Ms Rebecca Good, Financial Accountant, NHSSCCG, Ms Leanne Hawkes, Deputy Director / Client Manager, 360 Assurance, Ms Kay Meats, Client Manager, 360 Assurance, Ms Alison Ormston, Senior Manager, KPMG, Ms Clare Partridge, Director, KPMG, and Mrs Suzie Tilburn, Deputy Director of HR and OD, NHSSCCG. The number was high due to the meeting being rearranged at short notice.

The Chair welcomed attendees to the meeting and declared the meeting was quorate.

The Chair advised members that Mr Tony Williams, member of the Audit and Integrated Governance Committee and Governing Body until the end of February 2018, had sadly passed away in March due to ill health. He noted that Prof Gamsu had agreed to be the third Lay Member on committee while a new Lay Member is recruited.

The Chair welcomed Dr Jennie Joyce to her first meeting of the committee and explained that from 6 March 2018 she would be the North Locality appointed GP on Governing Body, covering six months of sabbatical leave for Dr Leigh Sorsbie and hence also covering Dr Sorsbie's membership of AIGC.

02/18

### **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.

03/18

### **Minutes and Matters Arising of the meeting held on 14 December 2017**

#### **i) Accuracy**

The minutes of the meeting held on 14 December 2017 were agreed as a correct record.

#### **ii) Matters Arising**

#### **a) Update on 2017/18 Governing Body Assurance Framework and Risk Register (minutes 37/17(e), 44/17(d), and 50/17(f) refer)**

The Director of Finance advised members that, in relation to 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, this had been discussed by the CCG's Senior Management Team (SMT) who had agreed that this remained a high risk. Members agreed this action was now complete.

She also advised that a full discussion had taken place, as part of the 2018/19 GBAF refresh, in relation to the score for reducing health inequalities.

#### **b) Further Benchmarking Information in Relation to the CCG's Spend on Primary Care Co-Commissioning (minute 46/17(d) refers)**

The Manager, Public Sector Audit, KPMG, advised members that this information would be presented, as part of the audit process, to the committee in May 2018.

**CP**

**c) Update on 2017/18 Internal Audit Plan: Review of CCG's Data Quality Framework (minute 47/17(a) refers)**

The Director of Finance advised members that she would provide a post meeting note in relation to the recommendation relating to the development of corporate aims and objectives for data quality linked to the organisation's strategic aims.

**d) Update on 2017/18 Internal Audit Plan: Review of CCG's Commissioning Strategy Implementation (minute 47/17(a) refers)**

The Director of Finance advised members that she had discussed their concerns relating to the delay to the start of this review with the CCG's Director of Commissioning and Performance. She advised that the review was now completed and provided assurance that processes were in place to avoid future delays in the commencement of an audit.

**e) Update on 2017/18 Internal Audit Plan: Review of Arrangements for Monitoring Delivery of the 2016/17 Better Care Fund (BCF) (minute 47/17(a) refers)**

The Director, 360 Assurance, advised members that the findings from Sheffield City Council's (SCC) auditors following their review of arrangements for monitoring delivery of the 2016/17 Better Care Fund (BCF) were very close to those of 360 Assurance. He advised that the Client Manager, 360 Assurance had asked SCC if she could attend all their BCF meetings in future.

**f) 24 May 2018 AIGC Meeting (minute 52/17(a) refers)**

The Director of Finance confirmed that this meeting would take place from 11.00 pm – 1.00 pm. Ms Forrest, Lay Member, advised members that she would be travelling back from London that morning and so may be slightly late for the start of the meeting.

04/18

**AIGC's Own Business**

**a) 2017/18 AIGC Self Assessment Exercise**

The Chair presented this report which summarised the results of the 2017/18 self-assessment questionnaire completed by members of the Audit and Integrated Governance Committee. He advised that 11 members had been asked to participate in the self-assessment, including representatives from both External and Internal Audit. He thanked members for completing the assessment and to the Financial Accountant for pulling it all together.

He drew members' attention to the key highlights.

The scores were relatively high, with some scores improved from the previous

year. Section 3 highlighted areas for further consideration, in particular professional development, and whether members balanced the time spent on reports and risk content vs whether the CCG's executive team were taking the right approach.

With regard to professional development, the Deputy Director of Finance advised members that consideration was being taken in relation to induction and what might be useful for new starters and to any specific training that would help. Members suggested that it would be useful if the auditors could hold more training sessions on what a member of an Audit Committee needed, requirements for Audit Committees, financial reporting and what the information tells you. The Chair commented that the sessions on requirements for AIGC members and financial reporting were worth repeating, maybe as a refresher session. He suggested to run "The role of the AIGC" as a starter session when the AIGC's new Lay Member and GP had been appointed.

The Chair advised members that he discussed the committee's review of the risk management framework with the auditors who had felt that the balance of review vs approach was about right, and felt that it would be helpful to have an auditor training session more around risk management.

Members were also reminded of the external events, run by the Healthcare Financial Management Association (HFMA), they were regularly invited to attend

The Audit and Integrated Governance Committee:

- Noted the summary of the consolidated results from the self-assessment questionnaires.
- Considered the points highlighted for developing any Audit and Integrated Governance Committee action plans going forward.

#### **b) AIGC Annual Report 2017/18**

The Chair presented the AIGC's annual report for 2017/18. The Director of Finance advised members that it would now be presented to the Governing Body for information on 3 May 2018.

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

#### **c) AIGC Annual Workplan 2018/19**

The Director of Finance presented this report which proposed the workplan for the committee in 2018/19 and advised that she had not identified any issues which necessitated a change to the plan from 2017/18.

The Chair requested that an update on Accountable Care Partnership (ACP) / Integrated Care System (ICS) governance be added to the workplan for the September to March meetings)

**JN(CRH)**

The Audit and Integrated Governance Committee approved the workplan for 2018/19, subject to the amendment made to the Governance and Assurance section, as noted above.

05/18

## **2017/18 Annual Accounts Issues**

### **a) Agreement of Final Accounts Timetable and Plans**

The Deputy Director of Finance presented the plan and year end timetable for successful completion of the Financial Accounts for 2017/18 to provide assurance to the committee that the CCG could fulfil its statutory responsibility to produce annual audited accounts. She drew the committee's attention to the key year end dates set out in section 3 which, at the time of the meeting were 9.00 am on 24 April 2018 for submission of draft unaudited accounts, and 9.00 am on 29 May 2018 for submission of final audited accounts.

The Deputy Director of Finance also reminded members that the audited accounts would be presented to the Audit and Integrated Governance Committee (AIGC) for consideration on the morning of 24 May 2018, prior to them being presented to Governing Body for formal adoption on the afternoon of 24 May, alongside the final version of the CCG's Annual Report.

The Audit and Integrated Governance Committee:

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

### **b) Annual Review of Accounting Policies and Estimations**

The Deputy Director of Finance presented the proposed accounting policies for preparation of the CCG's annual financial accounts for 2017/18, and detailed the proposed basis of estimation for key areas of expenditure where actual values were not available. She drew members' attention to section 2 in particular that detailed the accounting policies that had been omitted due to no material application in relation to the financial statements. She advised members that there were specific areas in the policies that we were allowed to amend and tailor them to Sheffield CCG, which were highlighted in yellow. In terms of financial estimations, there were two key areas where actual values were not available and therefore required estimation: healthcare contract activity (the biggest area relating to the Sheffield Foundation Trust contracts) and GP prescribing, as set out in section 3. She advised members that this followed the process we had followed in previous years and would hopefully assure our auditors.

The Director of Finance explained that, with regard to estimations of expenditure for healthcare contract activity, it was proposed to use information provided by the providers, with the CCG undertaking a final reconciliation in May when fully costed information was available. For GP prescribing estimations of expenditure, information was available from both NHS

Prescription Services and our own Medicines Management Team (MMT), but it may be that we would have to estimate two months of data, using best estimates in terms of local information.

The Audit and Integrated Governance Committee:

- Noted that a full review of accounting policies had taken place.
- Approved the accounting policies for the basis of the financial accounts.
- Noted the requirement to document the basis of estimation of key figures in the 2017/18 financial statements and approve this proposed basis.

06/18

## External Audit

### KPMG's Audit Plan for the 2017/18 Audit and Fees

The Manager, Public Sector Audit, KPMG, presented this report. He drew members' attention to the headlines from the audit plan on page 1 and highlighted the following key issues

Scope, Timeline and Approach: These remained in line with the previous year.

Materiality: This would be calculated in the same way as previously, based on the CCG's gross expenditure, and would work to a total materiality of £12m (1.4% of budget), the same as last year, reporting all individual errors that were in excess of £0.3m to the AIGC.

Significant Risks and Other Areas of Audit Focus: As previously, in addition to the two mandated risks relating to fraud risk from income recognition and management override of controls, one significant risk had been identified relating to accounting for co-commissioning of primary care services. At this stage, KPMG did not believe that there were any specific risks at the CCG, and they were not particularly worried that the risk relating to primary care co-commissioning was a particularly high risk for the CCG. He explained that the reason this had been identified as a risk was that it was a complex area and was all part of how it got accounted for by NHS England (NHSE).

Use of Resources and Value for Money Opinion: Hopefully this should be as simple and straightforward as in previous years but there had been one risk identified relating to Quality, Innovation, Productivity and Prevention (QIPP) realisation which they needed to make sure the CCG was addressing properly. This was still very much work in progress.

The Director, KPMG advised members that, although they would be undertaking the same audit as previous years, there would be a reduction in the Audit Fee for 2017/18 as some of their overhead costs had been removed.

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

07/18

## Internal Audit

#### **a) Interim Head of Internal Audit Opinion for 2017/18**

The Director, 360 Assurance presented the Interim Head of Internal Audit Opinion for 2017/18.

He reported that the initial opinion was, as at 12 March 2018, to give **Significant Assurance** that there was a generally sound system of internal control designed to meet the organisation's objectives, and that controls were being applied consistently. This had been based on his review and assessment of: the design and operation of the CCG's GBAF and risk management arrangements; the outcome of individual assignments within our 2017/18 Audit Plan and; the extent to which the CCG had responded to audit recommendations as identified as part of their follow up work. He advised that his final Opinion would be presented to the AIGC and the subsequent Governing Body on 24 May 2018.

The Director, 360 Assurance, advised members that one area of improvement was recommended relating to the new role of the CCG's SMT to review the GBAF, and consideration of an audit trail to support their amendments made to the GBAF when no minutes from that meeting were produced. The Director of Finance explained that, as standard, SMT meetings did not produce minutes, however, they did complete an action log that recorded the actions agreed, and notes and actions agreed from SMT's review of the 2017/18 GBAF and consideration of the 2018/19 refresh had been recorded. She suggested that, although SMT was not a formal committee that was making formal decisions, an exception be made when they were discussing the GBAF to specifically minute that discussion as it was part of the corporate governance process. She also suggested that, in the governance update provided to the committee by the Corporate Services Risk and Governance Manager, she highlight in future the key GBAF issues that had been discussed by the SMT.

**SKL**

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

#### **b) Draft Internal Audit Annual Plan for 2018/19 and Fees and Strategic Plan 2020/21**

The Director, 360 Assurance, presented this report. He advised that the draft plan had been through a thorough consultation process, including through meetings with the AIGC Chair and Director of Finance, and all Chief Finance Officers (CFOs) across the patch. He advised members that some elements in the plan were mandated by NHSE, that the plan was resourced, and that some elements would be firmed up throughout the year. He advised that he was asking members to approve the plan as it stood, but to note that it was still very much work in progress.

The Director of Finance advised members that the plan had been through a number of iterations, with a full discussion at SMT, and full feedback given to 360 Assurance, which had been reflected in the revised plan. She also advised that the Deputy Director / Client Manager, 360 Assurance, had attended a

meeting of the South Yorkshire and Bassetlaw CFOs where they had given consideration as to whether they needed any joint commonality. She reported that one of the biggest reviews to be undertaken would be the commissioning review, with a further major review to be undertaken on urgent care in primary care, however, we were not in a position as to yet to include anything relating to an audit of arrangements relating to the Accountable Care Partnership (ACP) / Integrated Care System (ICS).

Ms Forrest, Lay Member, suggested that some parts of the commissioning review could be split up into a number of phases, especially for arrangements relating to public consultation and engagement. She also questioned as to whether it was appropriate to exclude a review of the effectiveness of the Joint Commissioning Committee of CCGs (JCCC) due to public disquiet that it was not accountable. The Director of Finance explained that the JCCC had only been asked to make two formal decisions, and that a proposal on the scope of the committee would be presented to the Governing Body in the next few months. With this in mind, she suggested that it would be timely to undertake an audit if the relevant Governing Bodies agreed to expand its scope and change how it worked, but this would be kept under review.

The Director of Finance explained that the review of primary care quality monitoring related to the appropriateness of how the CCG monitored quality in primary care, not a review of how the CCG was working to reduce health inequalities, and the CCG's requirement to ensure quality within its formal contracts. Ms Forrest, Lay Member, advised members that the Primary Care Commissioning Committee (PCCC) had agreed, at its last meeting, an approach on quality management in primary care, which would need to be reflected in the Terms of Reference (ToR) for this audit.

The Chair commented that he was pleased to see that a review of the CCG's compliance with the new requirements of the General Data Protection Regulations (GDPR), which would come into being in May 2018, had been included.

Finally, the Director, 360 Assurance, advised members that an increase in the daily rate for 2018/19 had been agreed by the Consortium Board.

The Audit and Integrated Governance Committee approved the Internal Audit Plan for 2018/19.

### **c) Update on 2017/18 Internal Audit Plan**

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

Page 3 of the report set out progress of delivery of work from the 2017/18 plan which included that four final reports had been issued since the last committee meeting, with a summary of the findings included at section 4.2, and **Significant**

Assurance concluded on all four reviews (Individual Funding Requests (IFRs) shared services, Quality Governance, Information Governance, and Commissioning Strategy Implementation) and good progress being made with regard to completing the rest of the plan. One medium risk relating to the review of the CCG's quality governance had been identified. As discussed under minute 07/18(a), stages 3 and 4 of the Head of Internal Audit Opinion work had now been completed (discussed under minute 07/18(a)) in terms of the plan.

The Chair commented that there seemed to be a continuing theme that follow ups of previous recommendations were not being undertaken in line with the agreed timescales. The Director of Finance explained that there were always ones where the timescales slipped and the reasons why were reviewed on an individual basis and there were usually sensible reasons why the timescales had slipped.

The Deputy Director of Finance advised members that an action relating to the review of continuing healthcare (CHC) in 2016/17 had been confirmed to the AIGC as completed, when in fact it had only been partially implemented which, she advised, had been due to different interpretations of what had been actioned. She reported that work with managers and other members of staff was being undertaken on what was needed to make the process robust.

Ms Forrest, Lay Member, raised concerns about the IFR shared services review in that there had been some delays in the IFR team notifying clinicians of the outcome of the IFR panel due to staff shortages in the team between mid June to the end of November 2017, and that the Memorandum of Understanding (MoU) had not been signed off by the host of CCGs commissioning the service. The Deputy Director of Finance agreed to seek clarity as to whether the latter had now been resolved.

JM

The Audit and Integrated Governance Committee:

- Noted progress in delivering the Internal Audit plans for 2017/18.
- Received the information and guidance papers provided by 360 Assurance.
- Agreed to seek assurance from the CCG that the issues raised were being considered and, where necessary, were being addressed by the CCG.

08/18

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

### **a) Accountable Care Partnership (ACP) / Integrated Care System (ICS) Governance**

The Chair welcomed Ms Rebecca Joyce, Sheffield Accountable Care Partnership (ACP) Director, to the meeting.

Ms Joyce gave an oral update and advised members that, since she had started in post, a number of people had raised concerns relating to the governance of the ACP / ICS especially around the transparency of its business. She advised that discussions had taken place with the Local Medical Committee (LMC),

Healthwatch Sheffield and members of the voluntary sector relating to lay membership of the ACP Board, and review of the Terms of Reference of other Boards in Sheffield. A discussion had then taken place at the ACP Executive Delivery Group, with recommendations made to, and agreed by, the ACP Board. A paper summarising that discussion would be formally presented to the CCG's Governing Body on 3 May 2018. The Director of Finance reminded members that the ACP Board was not making decisions on behalf of the statutory organisations.

Ms Joyce advised members that the report to Governing Body would highlight the key decision areas including the purpose and relationship between the ACP Board and the Health and Wellbeing Board, as they shared the same Joint Chair; the move of the ACP Board to meet on a quarterly basis in public with a short session at the start of each meeting for questions from the public; and the invitation to representatives from Healthwatch and Voluntary sector to become members of ACP Board. She also advised that there had been a difference in view from different organisations in terms of having non executive/ lay members on the ACP Board, but a decision had been taken that while the ACP Board had no formal delegated authority to make decisions, membership would not be extended beyond current Chairs. Arrangements around conflicts of interests would be strengthened and, in this respect, she would be working with the corporate leads across the ACP organisations. Finally, Ms Joyce advised members that key next steps would include updating the Board's Terms of Reference and to send out a report to all member organisations for agreement.

Members suggested to invite Ms Joyce to give a further update to the AIGC in September.

JN

09/18

### **Update Report on Internal Audit Recommendations – High and Medium Risks**

The Deputy Director of Finance 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 seven outstanding actions had been brought forward from December 2017, four of which had now been completed and rated Green, and one new recommendation relating to the Quality Assurance review. She also advised that the report covered four reviews, with three actions not due for completion until June 2018, and one that had been completed after the report had been submitted.

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.

10/18

### **Counter Fraud**

### **a) Local Counter Fraud 2017/18 Update Report**

The Local Counter Fraud Specialist (LCFS), 360 Assurance, presented this report which summarised the activity that had been reported to AIGC throughout the year. He drew members' attention to the key highlights which included that, at the time of writing, he was still in the process of completing the CCG's Self Review Tool (SRT) rating. He reported that he had rated this as Green, with agreed actions to complete the four Amber areas. There were no concerns to draw to the attention of the AIGC. The LCFS commented that the CCG was an outlier in being particularly good at what it was doing to prevent fraud.

The face to face training that had been arranged for the CCG's Governing Body in March had had to be rescheduled. The counter fraud, bribery and corruption survey was now live and had been issued to CCG staff via the communications team on 5 February 2018, and the results would be used to inform the CCG's 2018/19 fraud risk assessment. An update would be presented to the next AIGC meeting.

The LCFS had issued an alert and guidance on 28 February 2018 concerning a confirmed mandate fraud attempt at a local Trust, which had fortunately failed.

Finally, the LCFS advised members that an alert related to the HMRC had been issued to practices earlier in the day.

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

### **b) Local Counter Fraud 2018/19 Fraud, Bribery and Corruption Risk Assessment**

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

The CCG's risk register and incident reporting over the last year had been reviewed as part of their risk assessment approach, with the diagram at page 5 describing the work that was being undertaken. He advised members that cyber crime remained as a high risk. There had also been systematic attempts to falsify prescriptions to show that items had been dispensed with a much inflated cost. As this was seen as a merging risk, they would be looking to undertake some activity over the next year, for which they would be looking to establish some Terms of Reference (ToR) for agreement with the Director of Finance. Finally, the LCFS advised that counter fraud continued to receive referrals about allegations of misuse of personal health budgets, which was a medium risk, but outside the control of the CCG.

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

### **c) Proposed Local Counter Fraud 2018/19 Fraud, Bribery and Corruption**

RP

## Work Plan

The LCFS presented this report which set out the proposed plan of work to be undertaken at the CCG during 2018/19 to mitigate the risks of fraud, bribery and corruption. He advised members that it was aligned to the Fraud Risk Assessment for 2018/19 and provided them with assurance regarding anti-fraud, bribery and corruption measures.

Finally, he advised that they were proposing a total of 30 planned days of resource for 2018/19 similar to what they had provided in previous years, with any further needs to be agreed separately.

The Audit and Integrated Governance Committee approved the Local Counter Fraud 2018/19 Fraud, Bribery and Corruption Work Plan.

08/18  
(continued)

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

### b) Review of Standing Orders, Prime Financial Policies and Detailed Financial Policies

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

The Corporate Services Risk and Governance Manager had reviewed the Standing Orders and no changes had been identified.

The Director of Finance had reviewed the Scheme of Reservation and Delegation and Prime Financial Policies (PFPs). Minor changes had been identified and recommended to be made for both the Scheme of Reservation and Delegation and the Prime Financial Policies as detailed in section 2.

The detailed Financial Policies had been reviewed. Although no changes were recommended to be made to the Budget Management Policy including the operational scheme of budgetary delegation, a number of changes were recommended to be made to the Tendering Policy, Losses and Special Payments Policy, and Fraud, Bribery and Corruption Policy, as detailed in section 3.

The Corporate Services Risk and Governance Manager recommended that additional changes were made to the PFPs and detailed Financial Policies as follows:

- NHS Litigation Authority to be changed to NHS Resolution throughout.
- Page 15 of the Prime Financial Policies needed to reference the new statutory guidance relating to the acceptance of gifts and hospitality.
- Section 7 of the Policy for the Management of Competitive Tender and Quotation Exercises (interaction with other policies and procedures) needed to include reference to the Fraud, Bribery and Corruption Policy.

- Section 8 (equality and diversity statement) of the above policy needed to reference the nine protected characteristics.
- The Competitive Tender Waiver Request form (Appendix 3) needed to request additional information as to whether any conflict of interest had been declared, and also reference the CCG's Standards of Business Conduct Policy and Procedure (instead of Conflicts of Interest Policy).
- Section 9 of the Policy for the Management of Losses and Special Payments (interaction with other policies and procedures) needed to include reference to the Fraud, Bribery and Corruption Policy.
- Section 10 (equality and diversity statement) of the above policy needed to reference the nine protected characteristics

The Director of Finance also advised that the recommendations for the proposed changes to the Scheme of Reservation and Delegation and the Prime Financial Policies would need to be presented to Governing Body and Member practices for approval as part of the next round of proposed changes to the CCG's Constitution.

JN/JM

The Audit and Integrated Governance Committee:

- Noted the Corporate Services Risk and Governance Manager's review of Standing Orders and that no changes were recommended.
- Noted the Director of Finance's review of the Scheme of Reservation and Delegation and Prime Financial Policies and recommended the proposed changes to the Governing Body and Member practices for approval.
- Noted the Director of Finance's review of the detailed Financial Policies and approved the proposed changes to the Budget Management Policy, Management of Competitive Tender and Quotation Exercises Management of Competitive Tender and Quotation Exercises, Management of Losses and Special Payments Policy, and Fraud, Bribery and Corruption Policy.

**c) Governance Sub Committee (GSc) Report including Unadopted Minutes of the Meeting held on 28 February 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 the GSc had been advised that capacity within the Freedom of Information (FOI) team had been resolved in that Standard Operating Procedures (SOPs) for handling FOI requests had been established, and a new complaints manager had been appointed, and were assured that these changes were sufficiently robust to improve response times to FOI requests. The Deputy Director of Finance also advised members that the Deputy Directors were taking some responsibility to ensure that staff were aware of their responsibilities in relation to responding to FOI requests.

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

#### **d) Proposed Changes to Governance Sub-committee Terms of Reference**

The Corporate Services Risk and Governance Manager presented proposed changes to the Governance Sub-Committee's Terms of Reference (ToR). She highlighted that three changes were proposed relating to removal of reference to the GSc's development and monitoring of the Governing Body Assurance Framework (GBAF) as this was now being undertaken by the CCG's Senior Management Team (SMT), the change of name of NHS Protect to NHS Counter Fraud Authority, and the addition of a Deputy Director from the commissioning and performance directorate to the GSc's membership. In addition, she also proposed that the Local Counter Fraud Specialist be added to the membership, as there was a process for counter fraud to review the CCG's main policies and it needed to be demonstrated as to how that was done. She clarified that no additional LCFS resource would be required for these reviews. She reminded members that the AIGC had delegated authority, as set out in the CCG's Constitution, to approve changes to the GSc's Terms of Reference.

The Audit and Integrated Governance Committee approved the proposed changes to the Governance Sub-committee's Terms of Reference.

***Post meeting note: The Audit and Integrated Governance Committee's Terms of Reference will need to be changed to reflect this delegated authority, as set out in the CCG's Constitution***

JN

#### **e) Update on Governing Body Assurance Framework (GBAF)**

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 20 March 2018.

She advised that there had been no changes in the number of risks, with 17 identified risks remaining on the GBAF, one of which remained very high, two continued to show gaps in control, both of which would be included within the 2017/18 Annual Governance Statement (AGS), and one that identified a gap in assurance. She advised members that any outstanding actions would be carried forward into the 2018/19 GBAF.

The Chair asked why the Senior Management Team (SMT) had agreed to reduce the risk score relating to the CCG being unable to deliver the QIPP savings plan of £21.6m due to internal capacity and lack of engagement by the CCG's key partners. The Deputy Director of Finance clarified that the impact of this risk had changed due to the mitigating actions that had been put in place.

The Corporate Services Risk and Governance Manager advised members that the CCG's Deputy Directors were taking an active role in managing the corporate risk register, with them reviewing the CCG's high level risks at each meeting.

With regard to “serious” risk 1043 relating to lengthy waiting times in adult Sheffield Autism and neurodevelopment service, the Deputy Director of Finance advised members that the Deputy Directors had questioned why waiting times in this service in particular had been highlighted. She advised that she had taken away some actions from that meeting that would be tested out with the CCG’s mental health portfolio team.

The Audit and Integrated Governance Committee:

- Noted the position with regard to the GBAF and arrangements in place for managing strategic risks up to 20 March 2018.
- Noted the arrangements in place with regard to the management of corporate risks.
- Agreed the actions required to ensure that a robust report could be incorporated into the CCG’s Annual Governance Statement.

#### **f) Risk Management Strategy and Action Plan 2018/19**

The Corporate Services Risk and Governance Manager presented this report. She drew members’ attention to page 3 and the summary of changes, which included actions agreed in 360 Assurance’s audit of the CCG’s risk management arrangements. The strategy clarified the process of risk management throughout the organisation and included the action plan for 2018/19. She reminded members that the AIGC had delegated authority to approve the strategy every year.

The Audit and Integrated Governance Committee approved the Risk Management Strategy and Action Plan for 2018/19.

#### **g) Draft Annual Governance Statement**

The Corporate Services Risk and Governance Manager presented the draft Annual Governance Statement (AGS). She advised the committee that it was a second draft and very much work in progress with changes still to be made and it was the key document in the CCG’s annual report and accounts that showed how successful we had been as a CCG, how we had coped with the challenges and changes, and how we operated corporate governance internal control within the organisation.

The Director of Finance advised that we were mandated on the format of the AGS and confirmed that we were complying with the prescriptive guidance. She asked that any issues or comments be fed to the Corporate Services Risk and Governance Manager within the next few weeks, prior to submission to NHS England as part of the CCG’s draft annual report. The Deputy Director of Finance advised members that information had still to be included relating to ACP / ICS governance.

The Director of Finance advised members that the final version would be presented to the AIGC on 24 May 2018 as part of the CCG’s 2017/18 Annual Report.

**All to  
note**

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

#### **h) NHS England Conflicts of Interests Audit**

The Director of Finance presented this report which updated the committee on the outcome of NHS England's (NHSE) internal audit of the CCG's systems and process to manage conflicts of interests, and she reminded members that the CCG had been chosen randomly by NHSE as one of 10 CCGs to have an audit. She advised that the CCG now had permission from NHSE to share this report although it remained confidential within the AIGC for now, with our auditors signing a 'Hold Harness' letter declaring that they would receive the report for information purposes only.

The Chair commented that it was a useful piece of work. With regard to declarations of gifts and hospitality (section 3.3), the Director of Finance explained that there had been no evidence of prior approval of one acceptance of a gift / hospitality, which was above the CCG's policy threshold of £75, as this had been organised by an external organisation and we had been reliant on their processes, but had subsequently learnt from that. There had also been one declaration relating to a GP receiving payment from a pharmaceutical company, which had been done through the GP's own practice. She advised that the Corporate Services Risk and Governance Manager would undertake a review of the Association of the British Pharmaceutical Industry (ABPI) register to cross check whether any Governing Body members appeared.

SKL

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

#### **i) Quality Assurance Committee (QAC) Report including Unadopted Minutes of the Meeting held on 8 March 2018**

Ms Forrest, Chair of the QAC, presented the unadopted minutes from the meeting held on 8 March 2018 and advised members that the key issues discussed had included Sheffield Health and Social Care NHS Foundation Trust's (SHSCFT) continuing problems in triangulating their patient experience and data, and the committee's ongoing concerns regarding the performance of the Yorkshire Ambulance Service NHS Trust (YAS).

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

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#### **Other reports**

##### **a) Payables and Receivables as at 31 January 2018**

The Deputy Director of Finance presented this report 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 January 2018).

## Payables

Members noted that the bulk of the outstanding payments related to one invoice for £1,649k for Sheffield Teaching Hospitals NHS Foundation Trust (STHFT), for the Commissioning for Quality and Innovation (CQUIN) Quarter 2 charge, which had been paid on 1 February 2018.

## Receivables

Members noted that the overdue receivables total was £418k, compared to £129k at the end of October 2017.

The Deputy Director of Finance also advised members that the CCG was not planning that any debts be recommended for write-off in the 2017/18 financial year.

The Audit and Integrated Governance Committee noted the position regarding aged payables and receivables as at 31 January 2018.

### **b) Losses and Special Payments Since 1 April 2017**

The Deputy Director of Finance presented this report which provided the committee with a summary of instances where Losses and Special Payments had been approved since 1 April 2017. She advised members that there had been no payments of this nature relating to 2017/18 to date.

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

### **c) Competitive Tender Waiver Approvals Since 1 April 2017**

The Deputy Director of Finance presented this report which provided the committee with information on instances where the competitive tendering rules had been waived since 1 April 2017. She reported that there had been 11 tender waivers to date in 2017/18, six of which had been previously reported to committee.

The Director of Finance explained that the first three tender waivers relating to Primary Care Sheffield Ltd (PCS) had been retrospectively completed following a recommendation from Internal Audit, following a review of the CCG's Agreement with PCS, to complete a tender waiver form for any project undertaken as a pilot scheme.

She advised members that there had also been tender waivers for STHFT and Associated Chemists (Wicker) Ltd relating to the urgent care in primary care consultation and extension of contracts that we would have normally expected to go out to consultation for.

The Chair asked that the CCG ensure it had full and legitimate reasons for

waiving tenders instead of going out to procurement, especially as there were a number of tender waivers of very high value.

The Audit and Integrated Governance Committee noted the tender waivers.

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### **Any Other Business**

#### **a) Dr Ngozi Anumba**

On behalf of the committee, the Chair expressed his thanks to Dr Anumba, who was attending her last meeting of the AIGC as she was resigning from Governing Body when her tenure came to an end on 13 May 2018, for her support to the AIGC over the past three years. Her experience and knowledge had been much appreciated by the committee.

#### **b) Conflicts of Interests Training**

The Corporate Services Risk and Governance Manager advised that she would circulate a note reminding members that the mandatory conflicts of interests module 1 on-line training for staff needed to be completed by 30 April 2018, with the NHS England a minimum 90% compliance rate.

**SKL**

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### **Key Highlights for Governing Body**

The Chair proposed to report:

- The Conflicts of Interests mandatory training requirement
- The AIGC's self assessment and the agreement for further training for members.
- The committee approved its 2017/18 annual report and workplan.
- The committee approved the External and Internal Audit Workplans and noted that plans for 2017/18 were on target.
- The committee approved the Local Counter Fraud workplan.
- The committee had received a presentation on ACP governance from the Sheffield ACP Programme Director.
- The committee recommended minor amendments to the CCG's Standing Orders and Prime Financial Policies to Governing Body for approval.
- The committee's approval of the Governance Sub-Committee's Terms of Reference.
- The committee approved the CCG's Risk Management Strategy and Action Plan for 2018/19.
- The committee's concerns relating to tender waivers.
- The committee noted the Interim Head of Internal Audit Opinion.

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### **Date and Time of Next Meeting**

Thursday 24 May 2018, **11.00 am – 1.00 pm**, Boardroom, 722 Prince of Wales Road