

## Audit and Governance Committee

### Minutes of the Audit and Governance Committee Meeting Held on 13 June 2018 Room 208 Endeavour House, Wrest Park, Silsoe, Bedfordshire MK45 4HR

#### Members Present:

Saqhib Ali	Lay Member – Audit and Governance (Chair)	<b>SA</b>
Roland Ginn	Lay Member – Finance and Performance	<b>RG</b>

#### Others in attendance

Malcolm Miller	Acting Chief Finance Officer	<b>MM</b>
Janet Young	Governance & Risk Manager	<b>JY</b>
Sharon Birdie	Senior Audit Manager -TIAA	<b>SB</b>
Paul Grady	Grant Thornton, External Auditor	<b>PG</b>
Marcus Ward	Grant Thornton, External Auditors	<b>MW</b>
Roger Hammond	Deputy Chief Finance Officer	<b>RH</b>
Gareth Robins	Fraud Senior Manager - TIAA	<b>GR</b>
Julian Harley	PWC Representative	<b>JH</b>

#### Apologies:

Kevin Limm	Director TIAA Internal Auditors	<b>KL</b>
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1.0 & 2.0	Welcome and Apologies for absence	Action
	The Chair welcomed all members and attendees to the meeting. Apologies were received from Kevin Limm.	
<b>3.0</b>	<b>Declarations of Interest</b> There were no declarations declared.	
<b>4.0</b>	<b>Minutes of the Meeting held on 11 April 2018</b> The minutes of the meeting held on 11 April were confirmed as an accurate reflection of the meeting and were signed by the Chair of the Committee. <b>Action AC00: It was noted at the next meeting the minutes of the Extra Ordinary Audit and Governance Committee held on 24 May 2018 is to be shared and reviewed.</b>	Secretariat
<b>5.0</b>	<b>Actions from the Meeting Held on 11 April 2018</b> Updates for all the actions had been received and considered by members. The Committee agreed that they should all be closed.	

<p>6.0</p>	<p><b>Q1 Progress Report and Internal Audit Charter</b></p> <p><b>(i) Q1 Progress Report</b></p> <p>SB presented the Progress Report for Bedfordshire CCG as based on the internal audit work carried out by TIAA and summarised the work of internal audit for the year to date against the 2017-18 internal audit plan.</p> <p>It was noted that follow-up work has been undertaken and is reported in the progress report.</p> <p>It has been suggested and agreed with the Chief Finance Officer that the proposed quarter three audit relating to Sustainability and Transformation Partnership (STP) be undertaken quarter two and allow discussion and input from the Accountable Officer and members of the Audit and Governance Committee. This was noted by the committee.</p> <p>SB noted a draft report, Payments to Clinical Leads, had indicative level of assurance provided. Substantial assurance and two priority three recommendations made to strengthen and embed control were noted.</p> <p>SB mentioned that at the time of reporting no audits have been finalised since the previous meeting of the Audit and Governance Committee. The 2018-19 Internal Audit Plan was presented and approved at the April 2018 meeting of the Audit and Governance Committee and the Annual Report and Head of Internal Audit Opinion at the May meeting.</p> <p>TIAA have liaised with Grant Thornton and have arranged to meet to discuss the work on key financial systems and financial reporting in quarter three and continue to liaise with the LCFS.</p> <p><b>(ii) Internal Audit Charter</b></p> <p>The committee reviewed the report and noted the Public Sector Internal Audit Standards (PSIAS) require Internal Audit providers to have in place an agreed Internal Audit Charter.</p> <p>The purpose of the Internal Audit Charter is to provide a formal document that defines the purpose of internal audit activity, its authority and its responsibility. It also assists the Governing Body and senior management in fulfilling their oversight responsibilities in ensuring that the purpose, authority and responsibility of internal audit activity is consistent with that set out in the standards.</p> <p>SB noted that the Audit and Governance Committee has established that TIAA is a key component of Bedfordshire Clinical Commissioning Group's internal assurance arrangements; therefore this charter sets out the framework for the conduct and delivery of internal audit services provided by TIAA.</p> <p>The Audit and Governance Committee supported and approve the Charter.</p> <p><b>Action AC004: MM, Chief Finance Officer and SA, Audit and Governance Committee Chair to sign the Internal Audit Charter.</b></p> <p><b>The Audit &amp; Governance Committee noted the Q1 Progress Report and Internal Audit Charter</b></p>	<p>MM SA</p>
<p>7.0</p>	<p><b>Draft Assignment Planning Memorandum (APM) for our planned review re Sustainability and Transformation Partnership (STP)</b></p>	

	<p>SB presented the APM to outline the overall objective and planned audit relating to STP.</p> <p>The overall objective will be to review what information is received from the BLMK STP programme board and other key STP meetings; how the CCG is to receive this information; and how it will use its governance structures to assess the impact and risks of that information; gain assurance on STP delivery; and support the decision making processes within the CCG.</p> <p>SB noted the scope will include:</p> <ul style="list-style-type: none"> <li>– BLMK STP governance structure and Bedfordshire CCG membership within that structure;</li> <li>– The interface between the STP decision-making and the CCG;</li> <li>– CCG governance structure for receiving updates;</li> <li>– Alignment of the CCG’s operational plan and the BLMK STP objectives and targets;</li> <li>– Reporting and monitoring arrangements for STP/CCG performance targets;</li> <li>– Governance and risk management arrangements to escalate areas of poor performance.</li> </ul> <p>It has been suggested and agreed with the Chief Finance Officer that the proposed quarter three audit relating to Sustainability and Transformation Partnership (STP) be undertaken quarter two and allow discussion and input from the Accountable Officer and members of the Audit and Governance Committee. This was noted by the committee.</p> <p>SB noted that the scope does not include a critique of the STP governance process, but will include how the CCG interfaces with that structure and addresses any risks arising from the structure.</p> <p><b>The Audit &amp; Governance Committee noted Draft Assignment Planning Memorandum (APM) for our planned review re Sustainability and Transformation Partnership (STP)</b></p>	
<p><b>8.0</b></p>	<p><b>Local Counter Fraud</b> <b>(i) Counter Fraud Work Plan 2018/19</b></p> <p>GR noted that at a previous meeting the committee requested further engagement from the Counter Fraud Team. RG stated that he will be present at more in the next year meetings, twice a year and as requested by the committee.</p> <p>The Strategic Work Plan was reviewed, GR stated this has been developed using risks identified in the Fraud Risk Assessment (FRA), gaps in compliance with the NHS CFA’s Standards for Commissioners. The committee reviewed the strategic work plan noting the remit as set out for the forthcoming year.</p> <p>It was noted that 2018/19 will be a challenging year for NHS organisations both in terms of funding and also the pressures on service delivery. RG brought the below key areas of concern to the committees attention for the forthcoming year:</p> <ul style="list-style-type: none"> <li>- NHS Counter Fraud Authority – The remit of the NHS CFA from 2017/18 is now focussed on compliance with the NHS Standards. If your organisation is selected for an inspection it is clear that there will be a prescriptive approach to the Standards with marginal leeway. We advise</li> </ul>	

	<p>that the Clinical Commissioning Group’s scoring for the Self Review Tool for 2017/18 is cautious. The Clinical Commissioning Group’s nominated CFS will be supporting and advising the Clinical Commissioning Group in this regard.</p> <ul style="list-style-type: none"> <li>- Cybercrime – all the indications from 2017/18 is that there will be more sophisticated attempts to disrupt and deny services often for no clear motive.</li> <li>- Conflicts of Interest – As the NHS outsources a greater number of “back office” and healthcare functions, the risk arising from potential conflicts increases. Even where there is no conflict in practice, with the increased media and public scrutiny, the perception of events is also important.</li> </ul> <p>The committee agreed the Counter Fraud Plan for 2018/19</p> <p><b>(ii) Local Counter Fraud Reports ( Annual Report June 2018)</b></p> <p>GR presented the Annual Report stating that this summarises counter fraud activity for the year 2017-18 across the four main themes as laid out in the Standards for Commissioners by NHS CFA.</p> <p>The report contained the result of the annual self-review against the Standards – a full copy of the self-review is attached for information.</p> <p>The committee noted the report.</p> <p><b>Action AC005: GR stated that he will circulate TIAA’s in-house counter fraud magazine ‘Fraudstop’ news letter to the committee members and CCG staff to raise staff awareness.</b></p> <p><b>The Audit &amp; Governance Committee noted the reports.</b></p>	GR
9.0	<p><b>Audit progress report and sector update</b></p> <p>PG presented the report, which provided the Audit Committee with a report on progress in delivering our responsibilities as your external auditors. The paper also includes a summary of emerging national issues and developments that may be relevant to the CCG.</p> <p>The Audit deliverables were discussed, and it was noted that the Summer is when the planning begins for 18/19 audit.</p> <p>PG mentioned the BLMK Audit Committee event that was held in April 2018. The event aimed to bring together Audit Committee members across NHS Bedfordshire, NHS Luton and NHS Milton Keynes CCGs and facilitated a strategic discussion. SA confirmed that the event was successful, and asked PG if there are any synergies whilst working across the 3 CCGs that as the External Auditors they have identified.</p> <p>It was noted that there are good opportunities for contrast and compare on the arrangements in place whilst working across the patch. Underlying patterns and responses are aligned, despite different relationships with partners. PG stated that not one CCG was leading better on elements than another, and that the closer working will aid the support of the single control total and single Executive Team model that will begin to take place in this forth coming year.</p>	

	<p>MM stated that the STP have now agreed 50% partial alignment on the STP single control total.</p> <p>The annual audit letter, that communicated the issues arising for the work undertaken in 2017/18 will be issued in the next month</p> <p><b>The Audit &amp; Governance Committee noted the External Audit progress report and sector update</b></p>	
<p><b>10.0</b></p>	<p><b>Governing Body Assurance Framework and Corporate Risk Register</b></p> <p>JY presented the report stating that the Governing Body Assurance Framework (GBAF) provides a structure that enables the CCG to focus on those risks that might compromise achieving its strategic objectives; and to map out the key controls that should be in place to manage those objectives.</p> <p>Development of the current GBAF has continued through into 2018-19 whilst new strategic objectives are agreed and the up-to-date version now presents the year-end position. Most risks have met or exceeded their target score the GBAF could be formally closed in light of the imminent development of a new GBAF based on 18/19 corporate objectives.</p> <p>The top risk threatening the achievement of the 2017/18 strategic objectives was noted as ST1 - <i>As a result of under achievement against national targets, there is a risk that the CCG fails to meet the high standards of care patients expect and deserve, which could result in the CCG's inability to improve patient health outcomes, reduce inequalities, meet statutory requirements and stop reputational damage.</i></p> <p>It Was noted that a paper was presented to Directors recommending that the appropriateness of the existing strategic objectives are reconsidered, particularly in that they may need to be more reflective of the move to an Integrated Care system. It was agreed that the strategic objectives for 2018/19 would be reviewed at a Governing Body Development session on 7 June 2018, this took place.</p> <p>JY stated that once the objectives are agreed and adopted by the Governing Body, Directors will be required to set out the priority goals necessary to achieve them. These goals will be owned and risk assessed by each Director and the risks populated onto a refreshed governing Body Assurance Framework. The Governing Body will then receive the required assurance that the CCG is on track to meet these new objectives.</p> <p>JY noted that the CRR is reviewed on a regular basis by the Risk Management Committee and Executive Management Team following review and updating by the Directorates. The register was last scrutinised by the Executive Management Team on the 24 May 2018.</p> <p>The Risk Management Committee members will review risks and discuss any changes to risk areas for updating through the relevant service area and ensure that an additional cross checking/quality assurance process is in place for capturing new and emerging risk areas. The last review of the CRR took place on 14 May 2018 at the Risk Management Committee and both the GBAF and CRR were scrutinised at the Executive Committee on the 24 May.</p> <p>The Governance &amp; Risk Manager requested that any 17/18 operational risks on local risk registers that had "risk to achievement of financial balance" as its</p>	

	<p>“effect”, are now closed as by definition at the end of March these would have either realised or not occurred. Should a similar risk be identified in the current financial year, a new risk should be opened but it is essential that a review of the action plan is undertaken (as it was not successful in the preceding year) and a review of any controls to understand why they did not succeed.</p> <p>The committee requested specific risks on the CRR and GBAF are identified, so that in future meetings deep dives into the controls and mitigations can be undertaken.</p> <p><b>Action AC006: The committee are to recommend risks that they wish to review in depth for assurance at the next Audit and Governance Committee meeting. The Director/Risk Lead will be invited to the committee to offer response.</b></p> <p><b>The Audit &amp; Governance Committee noted the that the report demonstrates that the CCG has a robust risk management framework in place to capture and manage strategic and operational risks and the CCG has successfully understood, mitigated and monitored the risks it faces.</b></p>	SA and Committee
11.0	<p><b>Any Other Business</b> The committee Chair noted apologies for the next meeting with a request to rearrange to ensure the meeting is quorate.</p> <p><b>Action AC007: The secretariat to confirm if the 1 August is a mutually convenient date for all members.</b></p> <p>No other items of business were raised.</p>	Secretariat
12.0	<p><b>Date of Next Meeting</b> Wednesday 8 August 2018 13.00 – 15.00 Room 208 Endeavour House, Wrest Park, MK45 4HR</p> <p><b>Action: HD to look into other dates due to the Chair being on leave.</b></p>	
The meeting closed at 13.55		