

### CCG REPORT COVER SHEET

<b>Meeting Title:</b>	<b>CCG Governing Body in Public</b>	<b>Date: 8 September 2020</b>		
<b>Report Title:</b>	<b>Audit Committee Overview Report</b>	<b>Agenda Item: 5.2</b>		
<b>Lay Chair</b>	David Finlay, Audit Committee Chair			
<b>Clinical Lead:</b>	N/a			
<b>Report Author:</b>	Simon Barlow, Corporate Governance Manager			
<b>Document Status:</b>	Final			
<b>Report Summary:</b>	This report provides a brief summary of the main issues arising from the meetings of the Audit Committee held on 21 July 2020.			
<b>Report Purpose:</b>	For Assurance	√ For Decision	For Approval For Recommendation	
<b>Recommendation:</b>	<ul style="list-style-type: none"> <li>To note the overview report of the last Audit Committee meeting held on 21 July 2020.</li> <li>To note the approved minutes of the meetings held on 24 March and 23 June 2020 as <b>Appendix A &amp; B</b> for information.</li> <li>To note the final Annual Audit Letter 2020 attached as <b>Appendix C</b></li> </ul>			
<b>Link to Corporate Objective:</b>	<b>Objective 1 – Ensure clear patient voice in everything we do.</b>			
	<b>Objective 2 – Deliver improvements that make best use of the public pound and save system ‘cost’</b>			
	<b>Objective 3 – Use data and information to prove everything</b>			X
	<b>Objective 4 – Deliver the prioritised performance standards</b>			
	<b>Objective 5 – Deliver the 6 transformation programmes</b>			
	<b>Objective 6 – Deliver the CCG Financial Plan</b>			
<b>CAF (Strategic Risk) Reference</b>	<b>Description of Risk</b>		<b>Current Risk Score</b>	
<b>CAF 8</b>	Risk to maintaining robust CCG governance arrangements		8 (A)	
<b>NHSE CCG IAF Links</b>	<b>IAF 1 Domain 1 - Better Health</b>			
	<b>IAF 2 Domain 2 - Better Care</b>			
	<b>IAF 3 Domain 3 - Sustainability:</b>		X	
	<b>IAF 4 Domain 4 - Leadership</b>		X	
<b>Resource implications:</b>	N/a			
<b>Chief Officer/ SRO Sign Off:</b>	Louis Kamfer, Chief Finance Officer			
<b>Chief Finance Officer Sign Off: (if required)</b>	See above			
<b>Conflicts of Interest</b>	In line with latest Conflicts of Interest Guidance and the Health and Social Care Act 2012.			
<b>Report history:</b>	An overview report is produced for the Governing Body following each Audit Committee.			
<b>Next steps:</b>	For consideration, noting and approval by the Governing Body.			

**MEETING: GOVERNING BODY IN PUBLIC**

**AGENDA ITEM: 5.2 SECTION: GOVERNANCE**

**DATE: 8 SEPTEMBER 2020**

**TITLE: AUDIT COMMITTEE OVERVIEW REPORT**

**FROM: DAVID FINLAY  
AUDIT COMMITTEE CHAIR**

---

## **1 ISSUE**

- 1.1 The last meeting of the CCG Audit Committee was held on 21 July 2020. This report provides a brief summary of the main issues arising from that meeting.
- 1.2 The approved minutes of the meetings held on 24 March and 23 June 2020 are attached as **Appendices A** and **B** for information.

## **2. INTERNAL AUDIT – REVISED ANNUAL PLAN 2020/21**

- 2.3 The Committee received and endorsed an revised Internal Audit Plan for 2020/21. The Plan, which had previously been agreed in March 2020, had been reviewed in light of the impact on the Covid-19 Pandemic. As a consequence some audits, that were now no longer considered essential to be carried out in the current year had been replaced and would be re-scheduled. A key audit now added to the plan concerned the CCG's response to Covid-19, which in particular would review the financial and governance decisions made and the processes adopted during the course of the pandemic. Despite the reduced timescale both Internal Audit and the CCG Executive were confident that all planned audits would be completed in-year.

## **3. EXTERNAL AUDIT**

- 3.1 The Committee received and the noted the final version of the Annual Audit Letter 2019/20. This is presented to the Governing Body as **Appendix C** for information.

## **4. CORPORATE GOVERNANCE**

### **5.1 Governance Update**

- 5.1.1 The Committee received a paper that highlighted a number of governance areas pertinent to the remit of the Committee. In summary, these were noted as follows:
  - *Covid 19 Recovery and Stabilisation* – an update on the continuing work to implement Phase 2 of the system-wide recovery plan and to progress plans for Phase 3 was noted. In addition to focusing on the recovery, the CCG was also required to maintain its Incident Response and to ensure that robust arrangements were in place should there be a further peak in Covid-19 cases, or a second wave. The Committee was assured around the progress that was

continuing to be made and the arrangements that were in place in place to facilitate this work.

- *Corporate Governance Handbook* – The annual review of the Corporate Governance Handbook had been delayed due to Covid-19. Work on this had now commenced, which included a review of all Committee Terms of Reference.
- *Audit Committee Terms of Reference (TORs)* – The Committee reviewed and approved its Terms of Reference, which had included only minor amendments. The final version would be included within the Governance Handbook for formal ratification by the Governing Body.
- *Business Cycle* – The Committee was pleased to note that the CCG's 2020/21 Business Cycle had now been fully re-instated, utilising MS TEAMS, which included public meetings of the Primary Care Commissioning Committee and the Governing Body.
- *Registers* - The latest versions of the CCG's public Registers for 2020/21 were reported on and noted. These comprised:
  - Governing Body Declaration of Interests Register;
  - Conflicts of Interest Breaches Register;
  - Gifts, Hospitality & Commercial Sponsorship Register;
  - Waiver to Standing Orders Register;
  - Register of Procurement Decisions; and
  - Primary Care Procurement Register.

5.1.2 The above registers are published on the CCG's website and can be accessed via the link below.

<https://www.cambridgeshireandpeterboroughccg.nhs.uk/about-us/how-we-meet-our-duties/conflicts-of-interest/>

## 5.2 **Mental Health Investment Standards 2018/19 Review**

The Committee received and noted the Independent Assurance report in connection with the 2018/19 Mental health Investment Standard (MHIS) compliance statement to the Governing Body for the year ended 31 March 2019.

The planning guidance for 2018/19 stated that each CCG must meet the Mental Health Investment Standard (MHIS) by which their 2018/19 investment in mental health rises at a faster rate than their overall published programme funding. The Audit, undertaken independent auditors Grant Thornton UK LLP, confirmed the accuracy of the CCG's published statement that it had complied with the requirements of the MHIS for 2018/19. It was confirmed that a similar audit would be undertaken for 2019/20, although the scope of the audit had still to be confirmed by NHS England.

## 5.3 **CCG Assurance Framework and Risk Register 2020/21**

The latest version of the CCG Assurance Framework and Risk Register (CAF) was received. During discussion of this the Committee recognised while it was important to focus on the specific strategic risks to the organisation identified, the CCG operated within an extremely changeable environment and as such had to adopt a flexible approach to its planning and associated risk management to reflect the issues and events that could not always be predicted. The onset of the Covid-19 pandemic was seen as a prime example of this.

The Committee has agreed to invite Senior Risk Owners to discuss specific risks on the CAF in greater detail at the next and future meetings.

Version 2 of the CAF is presented elsewhere on this agenda for the Governing Body's consideration (Agenda item 2.7 refers).

## 6. RECOMMENDATION

The Governing Body is asked to:

- note the overview report of the Audit Committee held on 21 July 2020.
- note the approved minutes of the meeting held on 24 March and 23 June 2020 attached as **Appendices A** and **B** for information.
- To note the final Annual Audit Letter 2020 attached as **Appendix C**.

**Author:** *Simon Barlow*  
*Corporate Governance Manager*  
*August 2020*

### **Attachments**

Appendix A      Audit Committee Minutes 24 March 2020  
Appendix B      Audit committee Minutes 23 June 2020  
Appendix C      Annual Audit Letter 2020/20

**Minutes of the Audit Committee held on Tuesday, 24 March 2020 at 11AM - Telecon**

**Present:**

Dr Julian Huppert (Chair)  
Dr Jane Collyer – GP Member  
David Finlay - Lay Member  
Stephen Mitcham – Lay Member

**In Attendance:**

**NHS Cambridgeshire & Peterborough CCG**

Wanda Kerr (Deputy Chief Finance Officer)  
Brad Waters (Head of Financial Accounting)  
Sharon Fox (Associate Director Corporate Affairs & CCG Secretary)  
Simon Barlow (Governance Support Manager)

**External Audit**

Mark Hodgson

**Internal Audit / Local Counter Fraud Service**

Louise Davies  
Antony Upton

**1. Apologies for Absence and Welcome**

Apologies for absence were received from Dr Adnan Tariq and Louis Kamfer (Chief Finance Officer)

**2. Declarations of Interest**

There were no declarations of interest made other than those already included on the register.

**3. Notification of Any Other Items of Business**

There were no additional items of business raised.

**4. Minutes of Last Meetings**

The minutes of the meeting held on 21 January 2020 were received as an accurate record.

## 5. Matters Arising

### 5.1 Action Log

The action log was updated and appended to the minutes.

#### Audit on Mental Health Spend

The Committee was informed that the audit of the CCG's Mental Health had now been completed by Grant Thornton and the draft report received. Some revisions would be required but in essence it was deemed the CCG had met national standards. Receipt of the final report was presently awaited.

## 6. Corporate Governance

### 6.1 Governance Update

The Committee received a paper that summarised current governance matters pertinent to the remit of the Committee. The key areas discussed were briefly noted as follows.

In light of the Covid-19 Pandemic response the CCG had enacted its Business Continuity plan and a Business Continuity Management Team had been established, chaired by the Chief Finance Officer. It was noted that on Critical Business Functions were now being maintained with other CCG staff being diverted to support the incident. In relation to this the Committee was advised that a number of decisions had been made by the Accountable officer and Chief Officer. These included.

- Cancellation of all corporate and business as usual meetings for the next month, although it was anticipated that this may need to be longer, with the exception of the Governing Body and Primary Care Commissioning Committee and other mandatory Committees. Where urgent decisions are required these would be taken in line with the CCG's Standing Orders. While supporting this approach the Committee sought assurances that any exceptional items or decisions would be taken through the Governing Body and that governance processes would not be fully closed down. Sharon Fox, Associate Director for Corporate Affairs (CCG Secretary) confirmed that use of weekly Governing Body update sessions would be used to provide additional assurance around decisions. The observation was made that required decisions should be taken through this route as opposed to the Urgent Decision procedures in Standing Orders whenever this was possible or practicable. It was requested that the view of the Committee be fed back to the CCG Governing Body Chair.  
**ACTION: Sharon Fox.**
- The Committee **endorsed** the proposal made to postpone all Internal Audit Reviews planned in Quarter 1 for 2020/21. It was noted the matter had previously been discussed with Internal Audit who were in agreement with the approach and would seek to schedule the deferred audits to later in the year.
- In terms of the 2019/20 Annual Accounts and Annual Report process, further guidance from the centre was awaited around changes to the reporting requirements. Notification of changes to the timetable had already been received confirming that the date for submitting the final audited accounts had been moved to from 26 May to 25 June 2020. The Committee would be kept informed of any other changes as and when further guidance was issued.

- It was noted that unless it was mandatory all training had been cancelled for the time being.
  - Production of the full Integrated Performance report (IPR) had also been suspended. A summary of key performance indicators and the financial report would replace this for the time being.
  - All transformation programmes and QIPP, together with their associated meeting structures had been postponed.
  - Contracts had been initially extended for three-months. This position would be reviewed and contracts potentially extended for a further three-months subject to the status of the national emergency at that time.
- It was reported that a number of changes to roles and portfolios of lay Members had been agreed which would come in to effect from 1 April 2020.
    - David Finlay would be the Lay member for Governance and Audit Committee Chair. He would also assume the role of Conflicts of Interest Guardian.
    - Dr Julian Huppert's Deputy Chair role extended to include representation for the Clinical Chair at STP Board Meetings. He would also be Deputy Chair of the Primary Care Commissioning Committee
    - Stephen Mitcham, Lay Member for assurance would assume role of Freedom to Speak Guardian which was aligned to his role as Chair of the Remuneration and Terms of Service Committee.

It was also confirmed that Dr Jane Collyer would replace David Finlay as the Chair of the Integrated Performance and Assurance Committee from April 2020.
  - It was reported that the terms of office for both David Finlay (1<sup>st</sup> term) and Dr Julian Huppert would end at the end of July and August 2020, respectively. In view of the Covid-19 emergency consideration would be given to the possible need to delay a recruitment process and seek extension to the existing lay member tenures. **ACTION: Sharon Fox.**
  - The Committee received the Audit Committee Self-Assessment Checklist for 2019/20 and **supported** the responses as presented.
  - The status of the following registers for 2019/20 was noted.
    - Governing Body Declaration of Interests Register
    - Conflicts of Interest Breaches Register
    - Gifts, Hospitality & Commercial Sponsorship Register
    - Waiver to Standing Orders Register
    - Register of Procurement Decisions; and
    - Primary Care Procurement Register.

The Committee **noted** the governance update and all accompanying appendices;

## 6.2 CCG Assurance Framework and Risk Register

The latest version (V5) of the CCG Assurance Framework and Risk Register (CAF) which was presented to the CCG Governing Body in Public on 3 March 2020, was received for review.

During the course of discussion, the Committee made a number of observations and requests briefly noted as follows.

CAF01 – *Risk to maintaining Robust CCG Governance* – The risk had been revised to reflect the impact of the Covid-19 emergency on the CCG's Business cycle with the risk score being increased to Amber (8) to reflect this. As previously discussed the Committee assured that robust governance arrangements were and would continue to be maintained throughout this period.

CAF 14 – *Impact on the delivery health services in the event of a pandemic virus outbreak.* In view of the current status of the Covid-19 emergency the Committee proposed that the risk score be increased from 16 (Red) to 25 (Red) to reflect the clear potential for death. The observation was also made that while focus and resources would understandably be directed to managing the pandemic it would be important to monitor and maintain vigilance of the other high level risks on the CAF during this period.

Further to the discussion around the impact of Covid-19 Audit Committee supported the inclusion of a new risk on the CAF concerning the potential for companies or organisations that the CCG or its providers rely on to encounter severe financial difficulties or cease trading as a direct result of the pandemic. It was noted that this risk would be reflected in the developed of the 2020/21 version of the CAF which was now in the process of being developed. **ACTION: Sharon Fox.** The observation was made that work relating to this had previously been completed as part of the EU Exit planning.

CAF 11 – *Risk that the business models for delivering primary care services become unstable.* Dr Jane Collyer advised that existing issues around the lack of Virtual Private Network (VPN) tokens and SystmOne access and also laptops and other IT equipment in primary care should be reflected in this risk. The observation was made that a large amount of equipment was currently on order for future distribution within primary care shortly, which it was anticipated would mitigate this risk.

The Committee **noted** the latest version of the CAF.

### 6.3 Draft Business Cycle 2020/21

The proposed Audit Committee business cycle for 2020/21 was received.

It was recognised that amendments would need to be made to the business cycle to reflect the changes that had been made to the 2019/20 Annual Accounts sign-off timetable. **ACTION: Simon Barlow.**

Subject to the above the Committee **supported** the proposed business cycle as received.

## 7. External Audit

### 7.1 External Audit Plan 2019/20

The Committee received and noted the plan for the audit of the CCG's Accounts for the financial year ended 31 March 2020. This included an initial assessment of the key audit risks driving the development of an effective audit for the CCG, and outlined the planned audit strategy in response to those risks.

Specific issues raised and discussed around the plan were briefly noted as follows.

- In view of the onset of the Covid-19 pandemic in the latter part of the year the Committee discussed how this would be managed as part of the audit and in particular around the Value For Money (VFM) judgement. Mark Hodgson, External Audit advised that consideration would be given to breaking down the year in to two separate parts. This would equate to looking at arrangements during the first ten-months (to end of January 2020) and then switching to the final two months (to 31 March 2020) when focus would be given to the critical



arrangements put in place by the CCG to accommodate the Covid-19 emergency. It was recognised the presented plan did not yet reflect this suggested approach as and suitable revisions would need to be made or an addendum included. It was recognised by all parties that in view of this unprecedented situation it would be important to adopt a pragmatic approach to carrying out this year's audit.

- Wanda Kerr, Deputy Chief Finance Officer commented that she now understood that implementation of IFRS 16 leases was being delayed for a year and would therefore no longer form a specific focus of this year's audit. External Audit would explore and discuss this further with the Finance team outside of the meeting.
- Some concern was raised around the requirements associated with producing a requisite Going Concern Statement given that discussions around the 2020/21 Financial Plan and the 5-Year Plan had been suspended due to the national emergency. It was also anticipated that no contract negotiations with providers would be held until 1 July 2020 at the earliest. It was noted this was a critical part of the audit and it was noted the Finance Team would work closely with External Audit around the evidence required and the approach to be taken around this.
- It was confirmed that Auditors had already exercised their statutory duty to report to the Secretary of State under Section 30 of the Local Audit and Accountability Act 2014, as the CCG would be spending in excess of the amount specified by NHS England.
- In terms of the proposed fees for the 2019/20 audit a formal response from the CCG was presently awaited. To be progressed. **ACTION: Wanda Kerr**

The Committee **noted** the External Audit Plan for 2019/20

## 8. Internal Audit

### 8.1 Internal Audit Progress Report

The Committee received a report from Internal Audit that outlined progress made against the 2019/20 to date. Three further reports had been finalised since the last meeting held in January 2020, with the outcomes formally reported as follows:

Audit Report	Opinion
2019/20	
Financial Feeder Systems and Payroll	Reasonable Assurance
Stakeholder Engagement	Reasonable Assurance
Financial Planning and Delivery	Reasonable Assurance

The recommendations arising from all reports had been agreed with management, who would endeavour to implement all actions by the given due dates.

With regards to the *financial feeder systems and payroll* review the audit had identified that there was a risk of 'ghost' employees being set-up on the payroll system should unauthorised forms be processed and inappropriate access granted to HR staff. The Committee asked how this risk could be best mitigated. It was noted that the recommendations made included actions to strengthen existing arrangements in place and ensure that unauthorised forms could not be processed.

In respect of the same audit, David Finlay queried whether the sample of invoices used to check whether they had been approved appropriately in line with the Oracle user Account Hierarchy and within the set authorisation limits was a sufficient number. The Committee was advised that the sample number used was in line with

the national methodology, although the intention was to enhance the level of invoice checking from next year.

Dr Jane Collyer noted that with regards to the Key Performance Indicators set for 2019/20 nil management responses to draft reports had been received within ten days of the report being issued as required. Liz Wright, Internal Audit emphasised there had been good engagement between Internal Audit and the CCG throughout the year but some delays had occurred around the finalising of reports with management, mainly as a result of capacity. The Chair while acknowledging this still considered it to be an area concern to be addressed. The potential for establishing a gate-keeper and chasing process, possibly through the corporate governance team was discussed. To be taken forward. **ACTION: Sharon Fox (Simon Barlow) / Internal Audit.**

Further to the decision to postpone all Internal Audit Reviews planned for Quarter 1 during 2020/21, it was noted that Internal Audit would work with CCG management to re-schedule these audits during the remainder of the year. Internal Audit also offered its assistance and support to the CCG during the period of the Covid-19 pandemic. In terms of the current year's audit plan it was noted that those reports currently in progress would be concluded and an informal draft report issues based the information and evidence gathered to that point. It was confirmed that the Primary Care Development and Engagement review would be removed from this year's plan and discussions held as to when this should be re-scheduled.

Audit Committee **noted** the Internal Audit progress report.

## **8.2 Draft Head of Internal Audit Opinion**

The draft Head of Internal Audit Opinion (HoIAO) was presented and concluded the following.

*'The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.'*

This opinion remained draft at this time and would be subject to the outcome of a number of outstanding audits, although no change to the opinion was presently anticipated. The Final HoIAO would be presented to the Audit Committee in June 2020 part of the annual accounts process.

Audit Committee **noted** the draft Head of Internal Audit Opinion for 2019/20.

## **9. Local Counter Fraud**

### **9.1.1 Local Counter Fraud Progress Report**

A summary of the counter fraud work carried out between 1 January and 18 March 2020 was received. Key areas were highlighted as follows.

- One intelligence bulletin and a fraud investigation notice was issued by the NHA Counter Fraud Authority (NHSCFA) which concerned salary mandate fraud and pre-employment fraud. It was confirmed that relevant actions had been taken by the CCG to mitigate the risks that had been identified.

- A thematic questionnaire issued by the NHSCFA, which sought to better understand the range of risk management systems used by organisations in the health care sector had been completed by LCFS on behalf of the CCG.
- A joint exercise with Internal Audit to review the robustness of arrangements for declaring conflicts of interest and gifts and hospitality was being commenced. The outcomes of this review would be reported to a subsequent meeting of the Committee.
- A review of the CCG's updated recruitment policy had been carried out. A number of gaps identified that related to pre-employment check compliance had now been addressed.
- It was reported that no new referrals had been made to LCFS within the last reporting period. One existing fraud referral, which related to Continuing Health care, remained ongoing.

The Committee queried whether LCFS were aware of issues raised around Octagon Medical Practice. It was confirmed they did and that they were liaising with relevant bodies to establish who would be responsible for progressing any further work in to this matter.

Dr June Collyer queried whether a Covid-19 scams Alert notice, which was reported as having been circulated to all staff, had also been cascaded to primary care. It was noted that this would be checked. **ACTION: Sharon Fox (John Clayton).**

Audit Committee was informed of incidents being reported, nationally, of NHS staff being held up and threatened for the purpose of obtaining their lanyards. This issue would be raised at the next staff Skype briefing and a communication sent out warning staff to be alert keep their lanyards hidden in public.

The 2018/19 counter fraud benchmarking report was also received and noted as part of this progress report.

The Committee **noted** the latest progress report.

## 9.2 Local Counter Fraud Specialist Work Plan 2020/21

The Committee received and noted the proposed Local Counter Fraud Work Plan for 2020/21 the development of which had been based on analysis of the organisation's emerging, internal and external fraud risks.

The Plan reflected the standards for all NHS health commissioners as developed by the NHS Counter Fraud Authority and revolved around four key fraud related areas, namely strategic governance; inform and involve; prevent and deter and hold to account. Through a fraud risk assessment undertaken in year, a number key fraud and bribery risk areas had been identified that would warrant counter fraud coverage and to which LCFS resources would be invested in-year as part of the plan, namely recruitment; declarations of interest; gifts and hospitality; tendering processes, continuing healthcare and Personal health Budgets.

It was noted that the total allocated resource to the LCFS work plan was 45 days. Any required reactive investigations would be resourced in addition to the plan and be subject to agreement with the Chief Finance Officer on a case by case basis.

The Committee **supported** the LCFS Work Plan for 2020/21

## 10. Outcomes

## 10.1 Reflection on the Day's Meeting and Outcomes

- The Committee expressed the opinion that a telecon meeting was not ideal and asked that an alternative platform be sought to hold future meetings. Due consideration would be given to using Skype, although there were presently issues around being able to connect people from outside of the organisation. A solution would be found in advance of the next meeting. **ACTION: Sharon Fox (Simon Barlow)**

## 11. Audit Committee Chair

The Committee thanked Dr Julian Huppert for the work and contribution made during his term as Audit Committee Chair, which would conclude on 31 March 2020. David Finlay, was the new Chair, commencing from 1 April 2020.

## 12. Date of Next Meeting

\*Tuesday, 7 April 2020 - Informal meeting to receive and comment on the draft Annual report 2019/20.

*\*Post meeting note. This date was subsequently changed to 23 April 2020.*

**Simon Barlow**  
**Governance Support Manager**  
**April 2020**

## Minutes of the Audit Committee held on Tuesday, 23 June 2020 at 10AM - TEAMS

### **Present:**

David Finlay - (Chair)  
Dr Jane Collyer – GP Member  
Dr Julian Huppert – Lay Member  
Stephen Mitcham – Lay Member

### **In Attendance: NHS Cambridgeshire & Peterborough CCG**

Louis Kamfer (Chief Finance Officer)  
Wanda Kerr (Deputy Chief Finance Officer)  
Brad Waters (Head of Financial Accounting)  
Sharon Fox (Director of Governance)  
Simon Barlow (Corporate Governance Manager)

### **External Audit**

Mark Hodgson  
Jacob McHugh  
Dan Cooke

### **Internal Audit / Local Counter Fraud Service**

Liz Wright  
Louise Davies  
Antony Upton

## **1. Apologies for Absence and Welcome**

Apologies for absence were received from

## **2. Declarations of Interest**

There were no declarations of interest made other than those already included on the register.

## **3. Notification of Any Other Items of Business**

### **3.1 Capita External Audit Report – Potential Delay**

The Chief Finance Officer, Louis Kamfer informed the Committee information had been received that an External Auditor Report for Capita originally timetabled to be published on 19 June 2020, had been delayed. The outcome of this audit was pertinent to the final sign-off of the CCG's accounts as it was important to ensure it met audit testing. It was confirmed this issue was not

specific to Cambridgeshire and Peterborough CCG and would impact, and potentially delay, the annual accounts sign-off process for all CCGs. External Audit advised it may be necessary for the Governing body to approve the accounts, subject to completion of this element and include a qualified statement within the Accountable Officer's report. It was anticipated the Capita audit report would still be published in advance of the 25 June 2020 deadline. However, the matter had now been escalated to NHS England who were seeking guidance from the national team on the process to be adopted should this not be the case.

## 4. Internal Audit

### 4.1 Annual Report / Head of Internal Audit Opinion 2019/20

The Internal Audit Annual report and Head of Internal Audit Opinion (HoIAO) was presented to the Committee which confirmed the following overall opinion for 2019/20.

*The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.*

This opinion, had been formed on the basis of the plan of work for the year which was agreed with management and approved by Audit Committee. Thirteen separate audits were carried out in-year resulting in one Substantial Assurance and nine Reasonable Assurance opinions being given. The audits in which substantial or reasonable assurance was given were noted as follows

- Delivery of Organisational Development Plan – Substantial Assurance
- Integrated Performance Reporting Tool
- Financial Planning and Delivery including QIPP
- Continuing Healthcare
- Risk Management and Assurance
- Stakeholder and Engagement
- Financial Feeder Systems
- Delivery of the Key Milestone Plan
- Conflicts of Interest; and
- Safeguarding

It was highlighted in the report that the internal audit work for 2019/20 had largely been completed prior to the advent of the substantial operational disruptions caused by the Covid-19 pandemic. As such, the audit work and annual opinion did not reflect the situation which arose in the final weeks of the year. It was however recognised that there had been a significant impact on both the operations of the organisation and its risk profile.

The Chair, on behalf of the Committee thanked Internal Audit for all of their work during the year. The Committee **noted** the Internal Audit Annual Report and Head of Internal Audit Opinion.

### 4.2 Revised Internal Audit Plan 2020/21 – Update

The Head of Internal Audit reported that as a result of the COVID-19 Pandemic there had been ongoing dialogue with the CCG around the requirement to review and revise the Internal Audit Plan 2020/21 which was originally presented to the

Committee on 24 March 2020. The need to adopt a more pragmatic plan that was achievable but would still add value to the work of the CCG and which reflected the organisation's priorities in light of the pandemic was recognised. It was noted Internal Audit would meet with the Chief Finance Officer and Director of Governance later in the month to discuss potential changes.

The revised plan would be presented to the Audit Committee on 21 July 2020 for its approval.

## **5. Local Counter Fraud**

### **5.1 LCFS Annual Report 2019/20**

Audit Committee received the counter fraud annual report for 2019/20. This provided an annual summary against the NHS Counter Fraud Authority's (NHSCFA) anti-fraud standards based upon and limited to the work that was carried out in line with the agreed annual work plan.

The report included the outcome of the Self-assessment Review Tool (SRT) which had resulted in an overall rating of amber. This rating assessed the CCG as being partially compliant with the Standards but where there was little, or no impact evident of the work undertaken. The full SRT and supporting action plan was included as an appendix to the annual report.

It was noted that a fraud risk assessment had been carried out to assess and identify the CCG's fraud risks, the outcome of which had been used to populate a fraud risk register. The actions relating to this would be progressed by relevant CCG teams and monitored by LCFS during 2020/21.

It was reported a total of twelve referrals had been brought forward from 2018/19 but no new referrals were received in 2019/20. Eleven of the referrals had now been closed with none of them being found suitable for sanctions or redress to be applied.

The observation was made that the COVID-19 Pandemic could potentially increase the risk of fraud to the CCG. The Committee was advised Local Counter Fraud was undertaking work with its CCG client base to gather information and learning around possible COVID-19 related fraud risks. It was planned the outcomes from this work would be shared with CCGs.

Audit Committee **noted** the counter fraud annual report for 2019/20.

## **6. Annual Report & Accounts**

### **6.1 Audit Results Report 2019/20 – External Audit**

Mark Hodgson, External Audit provided an overview of the Audit Results Report for the financial year ended 31 March 2020. He advised he was in a position to provide an Unqualified opinion with a single unadjusted difference of £780k, which related to a prescribing accrual but was not adjudged to have been material and therefore had no impact on the overall Audit Opinion.

It was recognised that because of the COVID-19 situation it had been necessary to adopt additional procedures for the audit. In particular, the Committee's attention was drawn to the additional considerations it had been necessary to take in to account around the managements Going Concern Assessment and related

disclosures within the financial statements. In relation to this, the Committee was directed to Note 38 within the presented accounts (agenda Item 4.1) which described the CCG's ongoing response to the financial and operational disruption the organisation was facing as a result of the pandemic, and which had resulted in all financial planning relating to the STP five-year plan and the CCG's 2020/21 plan being suspended by the NHSE. In highlighting this specific matter it was emphasised that this did not constitute a qualification to the overall audit opinion.

With regards to the Value for Money conclusion, it was noted that External Audit was required to consider whether the CCG had put in place proper arrangements to take informed decisions, deploy resources in a suitable manner and work with partners and other third parties. This had resulted in the auditor issuing a qualified 'except for' qualification conclusion regarding value for money. It was explained that the basis for the 'except for' qualification was that the CCG still remained under legal direction and had not yet succeeded in addressing the underlying deficit in its budget. With the exception of this the auditor was satisfied that the CCG had appropriate arrangements in place. Dr Julian Huppert expressed concern that the CCG was being penalised for historical legal direction under which, in the four years since they were applied, no instruction had been received. The Committee agreed that this issue should be formally raised with the NHSE Regional Team. **ACTION: Jan Thomas.**

The CCG had a legal duty to achieve a break-even position. It was confirmed that the auditor had formally reported to the Secretary of State and the NHS Commissioning Board on 13 February 2020 that the CCG had by setting a deficit budget of £75m in 2019/20 had not achieved this. This requirement would also be reflected in the final audit fees.

A specific issue raised in the audit had been the weakness in control with regards to a number of contracted which were identified as being unsigned as at the commencement of the audit. Louis Kamfer confirmed External Audit were right correct highlight this and work was being done to put in place a better solution to secure the sign-off of contracts in a timely fashion during and post COVID.

It was noted that as a result of the additional audit procedures required to be done as part of the audit due to the COVID-19 situation, this would be reflected in the overall audit fee. I was anticipated this would be in the region of an additional £10k. Louis Kamfer advised that was noted this would be flagged up as additional COVID-19 expenditure.

It was noted that all procedures pertinent to the year's audit had now been completed subject to receipt of the Capita External Audit Report as referenced in minute 3.1 above. Mark Hodgson thanked the CCG's Finance team for their full assistance and cooperation in what had been a challenging audit due to the COVID-19 situation. He also observed that a need to work remotely had not hindered the audit and in a number of instances had improved the process.

The Committee **noted** the Audit Results Report for Cambridgeshire and Peterborough CCG and thanked the External Auditor for his presentation. It was noted the report would be presented to the Governing Body in Public later today.

## **6.2 Annual Report & Annual Accounts 2019/20**

The Annual Report and Annual Account documents for 2019/120 were received in advance of submission to the Governing Body later on today. The Annual Report



included the Annual Governance Statement, which was formally presented to the Committee by Jan Thomas, Accountable Officer.

It was noted the Committee had previously had an opportunity to review and comment on the contents of the draft Annual Report. No further comments were raised on the contents with the exception of the Chair, who requested that some narrative be added above the Key Performance Indicator Table on page 7 to provide additional context around the impact and challenges posed by the COVID-19 situation on and the intention of the CCG to monitor and report progress through the Integrated Performance Committee.

The annual accounts 2019/20 were noted as presented and no changes proposed.

The Committee wished to place on record its appreciation to the finance, communications and corporate governance teams for their work in preparing this year's annual report and annual accounts. .

Audit Committee **Recommended** approval of the Annual Accounts and Annual Report 2019/20, subject to the referenced amendment being made to the Annual Report and the issue concerning non-publication of the Capita External Audit report, which falls outside of the CCG's control, being resolved.

## **7. Date of Next Meeting**

Tuesday, 21 July 2020 at 11.30AM – TEAMS

*Simon Barlow*  
*Governance Support Manager*  
*July 2020*

## Annex A

The Audit Committee met twice informally in the lead up to the Annual Accounts and Annual Report 2019/20 being presented to its formal meeting in June.

23 April 2020

Informal session held to allow members to comment on the contents of draft Annual Report.

<b>Diligent Board &amp; AR Page No.</b>	<b>Section</b>	<b>Summary of Audit Committee Comments/Observations</b>	<b>Who to do</b>
DB 10 AR 4	All	<ul style="list-style-type: none"> <li>Include reference to CCG still being under Legal Direction from 2016 – although indicate these had never been applied. Needs to be consistent with whatever is included in the Annual Governance Statement</li> </ul>	SF
DB 10 AR 4	4 <sup>th</sup> para down...We are very pleased...	<ul style="list-style-type: none"> <li>Make opening line stronger /more robust.</li> </ul>	FT
DB 10 AR 4	5 <sup>th</sup> para down -1.3bn budget equating to £1,125 pp	<ul style="list-style-type: none"> <li>This does not actually add up - need to clarify (believe figure excludes Delegated Primary Care budget – need to explain this)</li> </ul>	BW
DB 13-15 AR 7-9	KPIs	<ul style="list-style-type: none"> <li>Highlight the targets that have/are being met as green.</li> <li>*Need some additional context /narrative around KPIs performance in light of COVID-19 and future monitoring</li> </ul>	SB to ask BI Team. Data will need to be refreshed post submission – once all EoY data available
DB 16 AR 10	Financial Performance Targets	<ul style="list-style-type: none"> <li>Add short narrative under table explain in the CCG required to meet Control deficit total of £7m in year. Also provide definition of what a control total is (for public understanding). Also, provide context re £75m deficit control total v overall 1.3bn Budget.</li> </ul>	<ul style="list-style-type: none"> <li>BW/WK</li> </ul>
DB 25 AR 19	Governance Statement	<ul style="list-style-type: none"> <li>Change all references to Lay Member for Audit &amp; Governance to Lay Member for Audit.</li> </ul>	<ul style="list-style-type: none"> <li>FT</li> </ul>
DB 29 AR 23	Governance Statement – Risks Section	<ul style="list-style-type: none"> <li>Add pandemic risk to High Level risks.</li> <li>Move System control total risk from high to significant risks</li> <li>Move failure to achieve 2019/20 planned deficit from significant to low risk (Green)</li> <li>Move poor quality ... risk lower down the list of significant risks.</li> </ul>	<ul style="list-style-type: none"> <li>SB to liaise with FT</li> </ul>
DB 32 AR 26	Governance Statement - IG Tables	<ul style="list-style-type: none"> <li>Add 'total' row in 2<sup>nd</sup> table</li> </ul>	<ul style="list-style-type: none"> <li>FT</li> </ul>
DB 39 AR 33	Governance Statement - Quality	<ul style="list-style-type: none"> <li>Missing section (highlighted)</li> </ul>	<ul style="list-style-type: none"> <li>SF</li> </ul>
DB 48 AR 42	Remuneration & Staff Report – Pensions entitlements table	<ul style="list-style-type: none"> <li>Expand table on to 2 pages</li> </ul>	<ul style="list-style-type: none"> <li>FT</li> </ul>
DB 57 AR 51	Remuneration & Staff Report – Gender Pay Gap	<ul style="list-style-type: none"> <li>Make refence in this page that more explanation around the gender pay gap can be found on page 54 (AR)</li> </ul>	<ul style="list-style-type: none"> <li>FT</li> </ul>
DB 58 AR 52	Remuneration & Staff Report – Employee Consultation	<ul style="list-style-type: none"> <li>Review wording / edit this section as necessary e.g. repeated use of the word 'staff' in some sentences.</li> </ul>	<ul style="list-style-type: none"> <li>FT</li> </ul>

19 May 2020

Briefing session given by External Audit on an addendum to the Audit Plan 2019/20 which took into account the impact of COVID-19, and how this would be addressed as part of the audit.