

CCG REPORT COVER SHEET

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|--|--|---------------------------|---|---------------------|--|---------------------------|--|---------------------------|--|--|
| Meeting Title: | CCG Governing Body in Public | Date: 11 May 2021 | | | | | | | | |
| Report Title: | Audit Committee Overview Report | Agenda Item: 5.2 | | | | | | | | |
| Lay Chair | Laura Hill, Audit Committee Chair | | | | | | | | | |
| Clinical Lead: | N/a | | | | | | | | | |
| Report Author: | Simon Barlow, Corporate Governance Manager | | | | | | | | | |
| Document Status: | Final | | | | | | | | | |
| Report Summary: | This report provides a brief summary of the main issues arising from the meeting of the Audit Committee held on 16 March 2021. | | | | | | | | | |
| Report Purpose: | <table border="1"> <tr> <td>For Assurance</td> <td>√</td> <td>For Decision</td> <td></td> <td>For Approval</td> <td></td> <td>For Recommendation</td> <td></td> </tr> </table> | For Assurance | √ | For Decision | | For Approval | | For Recommendation | | |
| For Assurance | √ | For Decision | | For Approval | | For Recommendation | | | | |
| Recommendation: | <ul style="list-style-type: none"> To note the overview report of the last Audit Committee meeting held on 16 March 2021. To note the approved minutes of the meeting held on 19 January 2021 attached as Appendix 1 information. To ratify the Conflicts of Interest policy which has undergone its annual review attached as Appendix 2 | | | | | | | | | |
| Link to Corporate Objective: | Objective 1 – Ensure clear patient voice in everything we do. | | | | | | | | | |
| | Objective 2 – Deliver improvements that make best use of the public pound and save system ‘cost’ | | | | | | | | | |
| | Objective 3 – Use data and information to prove everything | | | | | | | | | |
| | Objective 4 – Deliver the prioritised performance standards | | | | | | | | | |
| | Objective 5 – Deliver the 6 transformation programmes | | | | | | | | | |
| | Objective 6 – Deliver the CCG Financial Plan | | | | | | | | | |
| CAF (Strategic Risk) Reference | Description of Risk | Current Risk Score | | | | | | | | |
| CAF 8 | There is a risk that the transition from the CCG to the Integrated Care System will lead to loss of focus on business as usual and the delivery of the CCG's statutory functions | 12 (A) | | | | | | | | |
| NHSE CCG IAF Links | IAF 1 Domain 1 - Better Health | | | | | | | | | |
| | IAF 2 Domain 2 - Better Care | | | | | | | | | |
| | IAF 3 Domain 3 - Sustainability: | X | | | | | | | | |
| | IAF 4 Domain 4 - Leadership | X | | | | | | | | |
| Resource implications: | N/a | | | | | | | | | |
| Chief Officer/ SRO Sign Off: | Louis Kamfer, Chief Finance Officer | | | | | | | | | |
| Chief Finance Officer Sign Off: (if required) | See above | | | | | | | | | |
| Conflicts of Interest | In line with latest Conflicts of Interest Guidance and the Health and Social Care Act 2012. | | | | | | | | | |
| Report history: | An overview report is produced for the Governing Body following each Audit Committee. | | | | | | | | | |
| Next steps: | For consideration, noting and approval by the Governing Body. | | | | | | | | | |

MEETING: GOVERNING BODY IN PUBLIC

AGENDA ITEM: 5.2 SECTION: GOVERNANCE

DATE: 11 MAY 2021

TITLE: AUDIT COMMITTEE OVERVIEW REPORT

**FROM: LAURA HILL
AUDIT COMMITTEE CHAIR**

1 ISSUE

- 1.1 The last formal meeting of the CCG Audit Committee was held on 16 March 2021. This report provides a brief summary of the main issues arising from this meeting. A short informal meeting of the Committee was also held on 20 April 2021 to review the draft Annual Report narrative for 2020/21.
- 1.2 The approved minutes of the meeting held on 19 January 2021 are attached as **Appendix 1** for information.
- 1.3 An updated version of the CCG Conflicts of Interest Policy is presented as **Appendix 2** for formal ratification by the Governing Body, following its annual review by the Audit Committee.

2. INTERNAL AUDIT PLAN 2020/21 – PROGRESS REPORT

- 2.1 The Committee received a report from Internal Audit that outlined the progress made against the Internal Audit Plan. Six internal audit reports had been finalised since the last meeting, one of which concerned a final 2019/20 Internal Audit Plan report (Safeguarding). The opinions issued for each report are set out in the table below.

| Audit Report | Opinion |
|---|----------------------------|
| 2019/20 | |
| Safeguarding Including Deprivation of Liberty | Reasonable Assurance |
| 2020/21 | |
| Better Care Fund | Reasonable Assurance |
| Delegated Commissioning (Primary Care) – Compliance against delegated functions | Substantial Assurance |
| Financial Feeder Systems and Payroll (two-parts): | Substantial Assurance |
| - General Ledger, Cash and Treasury Management, Accounts Payables and Accounts Receivables. | |
| - Payroll | Partial Assurance |
| Children’s Joint Funding Decisions | Reasonable Assurance |
| Risk Management and Assurance Framework | Reasonable Assurance |
| Section 117 Improvement Plan - Follow-up | Advisory only (no Opinion) |

The recommendations arising from all reports have been accepted by management and will be addressed by the respective due dates. In terms of the payroll audit, testing carried out as part of this audit highlighted some issues concerning the management of the Electronic Staff Record (ESR) system, and in particular around the timely removal of unused user accounts. A number of actions were recommended which were being given due priority by management. The Committee will seek future assurance around implementation of these actions.

The follow up review of the S117 Improvement Plan noted that some positive progress against the plan had been made but the rate of progress had been impacted by the ongoing COVID-19 pandemic.

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

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.

The opinion remains draft at this time although no change was anticipated at this stage. The Final HoIAO will be presented to the Audit Committee when it meets to receive the 2020/21 Annual Accounts on 8 June 2021.

The Committee also received and commented on the draft Internal Audit Plan for 2021/22.

3. EXTERNAL AUDIT PLAN 2021/2

The Provisional Audit Plan, that provides the Committee with a basis to review the proposed audit approach and scope for the 2020/21 audit, was received and noted. The Plan for 2020/21 identified the specific areas of focus for the year's audit, including key areas of identified financial risk - such as fraud; in-year impact of the Covid-19 pandemic on completion of accounts; and the CCG's compliance with accounting requirements - plus the new approach to making the Value for Money (VFM) judgement in line with latest National Audit Office guidance.

Under this item the Committee supported the continued tenure of Ernst Young's (EY) appointed Audit Partner to the CCG who had already served five-audit years, for an additional two-years. This was permissible subject to there being a justifiable rationale and client approval. The extension will cover the 2020/21 and 2021/22 audits. The Audit Committee Chair subsequently confirmed this in writing following the Governing Body's decision on 23 March 2021 to retain EY as the CCG's external auditors.

4. LOCAL COUNTER FRAUD

A summary of the counter fraud work carried out between 1 October and 28 February 2020 was received. Key areas were highlighted as follows.

- The annual fraud awareness Month campaign took place in November 2020 and included 14 remote interactive fraud awareness training sessions delivered to various groups across the region.
- Notice given that from 1 April 2021, all NHS organisations will be required to comply with 'Government Functional Standard GovS 013: Counter Fraud' (GFS). This replaces the current NHS Counter Fraud Authority (NHSCFA)

Standards for Providers and Commissioners. A briefing document produced by the LCFS team received that explained the key changes between the former counter fraud standards and the new functional standards,

- One fraud prevention notice was issued by NHSCFA during the reported period, concerning COVID vaccine fraud. Four separate mandate fraud alerts identified through the LCFS NHS client base were also issued, along with details around a further vaccine scam and a phishing threat to personal health budget recipients. Relevant guidance has been issued to the CCG and action taken to mitigate the identified risks.
- In terms of referrals the Committee was informed one had been brought forward from 2019/2020 with three new referrals received since 1 April 2020. Two of these have been closed and one is currently ongoing. The need to ensure the Governing Body were made aware of any issues relating to referrals received was highlighted.

4. CORPORATE GOVERNANCE

4.1 Governance Update

The Committee received a paper that highlighted a number of governance areas pertinent to the remit of the Committee. In summary, the main areas covered included:

- An update on the Covid 19 Pandemic Update: Governance Arrangements
- An update on STP Governance and the progress made towards an Integrated Care System (ICS). It was confirmed the Strategic and Planning Committee was to act as the CCG's Transition Board and would oversee planning arrangements for the transition of activities from the CCG to the ICS over the next few months and through shadow form.
- Details of the Annual Accounts and Annual Report 2020/21 process and associated timetable overseen by a small time-limited Task and Finish Group and chaired by the Director of Governance.
- The latest public Registers for 2020/21 were reported 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;
 - Use of the CCG Seal Register;
 - Register of Procurement Decisions; and
 - Primary Care Procurement Register.

The latest 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/>

4.2 Conflicts of Interest Policy Review

The Committee received the CCG's Conflicts of Interest Policy following its annual review. An updated version of the policy including revisions suggested by the Local Counter Fraud Specialist was subsequently circulated post meeting for further comment and virtual approval by the Committee. The Committee also agreed that as CCG's Conflicts of interest Guardian I would formally introduce myself to staff and, accompanied by the Director of Governance, remind them of their obligations under the policy at the next available all-staff MS Teams call. This was

subsequently done on the 15 April 2021. The final version of the Policy is presented as **Appendix 2** for formal ratification by the Governing Body.

4.3 CCG Assurance Framework and Risk Register

Version 5 of the 2020/21 CAF (version 5) was received. The Committee discussed ongoing work to scope a new entry that appropriately captured the strategic risk(s) that were associated with the CCG's transition to an Integrated Care System. This risk has now been finalised and included in the newly formatted CAF for 2021/22.

The Chief Finance Officer (CFO) provided the Committee with a detailed update on the two inter-linked finance risks on the CAF both in terms of the 2020/21 End of Year financial position and also financial planning for 2021/22. The Committee noted that work is underway at both CCG and system level to clarify the funding position for 2021/22 and also to incorporate the recommendations arising from the drivers of deficit and opportunities for transformation review. The Committee will give continued focus to the 2021/22 financial risk at its future meetings as the planning process continued to develop and advance.

The new version of the 2021/22 CAF (V1) appears elsewhere on this agenda for the governing Body's review (agenda item 2.7 refers).

5. RECOMMENDATION

- 5.1 To note the overview report of the last Audit Committee meeting held on 16 March 2021.
- 5.2 To note the approved minutes of the meeting held on 19 January 2021 attached as Appendix 1 information.
- 5.3 To ratify the Conflicts of Interest policy which has undergone its annual review attached as Appendix 2

Author: *Simon Barlow*
Corporate Governance Manager
May 2021

Attachments

Appendix 1 Audit Committee Minutes 19 January 2021
Appendix 2 CCG Conflicts of Interest Policy

Minutes of the Audit Committee held Tuesday, 19 January 2021 at 12 Noon

MS TEAMS

Present:

Laura Hill - Lay Member Chair
Dr Julian Huppert – Lay Member
Stephen Mitcham – Lay Member
Dr Jane Collyer – GP 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

Internal Audit & Local Counter Fraud

Liz Wright

1. Apologies for Absence and Welcome

Apologies for absence were received from Dr Adnan Tariq and Antony Upton (LCFS)

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 20 October were received as an accurate record

5. Matters Arising and Action Log

The action log was updated and appended to the minutes.

6. Internal Audit

6.1 Progress Report

The Committee received a report from Internal Auditor that outlined the progress made against the 2020/21 Internal Audit Plan. The outcomes of the latest completed audits were confirmed as follows:

| Audit Report | Opinion |
|-------------------------|-----------------------|
| 2020/21 | |
| Committee Effectiveness | Substantial Assurance |
| Personal Health Budgets | Reasonable Assurance |

In terms of Personal Health Budgets (PHB), Internal Audit identified a number of controls that were well developed and working efficiently, including controls relating to the advertisement of personal health budgets, personal health budget risk assessments, and assessment and care support planning. Some controls were identified that might not have followed standard arrangements but were still aligned to recommended practice by NHSE during the COVID-19 pandemic. Some exceptions with regards to approvals of final plans and individual budget monitoring, including regularly obtaining patient bank statements to ensure money was being appropriately allocated, were also highlighted.

The Internal Audit review of Committee Effectiveness concluded the CCG had a well thought out committee structure in place which was operating effectively to provide support to the Governing Body.

Positive progress continued to be made on the 2020/21 Internal Audit Plan with five further reports having now been issued in draft which would be formally reported to the March 2021 meeting. Some revisions to the Plan had recently been agreed with relevant managers, in part to accommodate the ongoing COVID-19 pandemic and Mass Vaccination Programme work. It was noted the Conflicts of Interest audit had been put back to March 2021 and the Data Security Protection Toolkit Audit moved to April 2021. The review of Mental Health Commissioning would also now re-scheduled for 2021/22. Audit Committee was given assurance that sufficient audits would be completed by the required timescale to allow the Head of Internal Audit Opinion to be made for the year.

The Committee observed there had been some delay in securing internal final sign-off of some reports. Liz Wright, Internal Audit commented that given the impact of the COVID-19 pandemic and Mass Vaccination programme on the organisation's capacity, she had not considered the delays encountered to be unreasonable and that good engagement and dialogue with CCG managers was being maintained.

Arising from the discussion on the PHB report, Stephen Mitcham raised a general point about how the CCG could more effectively identify and measure its spend from a Value for Money perspective. The observation was made that it would be important for the Governing Body to have a better understanding around this, particularly in relation to the 'big ticket' areas. Dr Collyer commented this was an area the Integrated Performance and Assurance Committee (IPAC) could potentially look at as part of its remit. Louis Kamfer, Chief Finance Officer advised a possible starting point might be to re-visit the detailed analysis work that was carried out by McKinsey's last year around CCG and Systemwide expenditure. The Committee agreed it would be helpful to re-circulate the final McKinsey report to Governing Body Members for information. **ACTION: Louis Kamfer/Sharon Fox.** The Value for Money issue would be re-visited at the next meeting and any

identified gaps or areas of concern highlighted to the Committee. **ACTION: Louis Kamfer**

Audit Committee **noted** the progress report.

7. External Audit

7.1 The External Audit Plan 2020/21 and Audit Risk Considerations

Mark Hodgson, External Audit provided the Committee with a brief verbal update on the development of the draft External Plan for 2020/21 and the anticipated areas of focus, which would include key areas of identified financial risk - such as fraud; in-year impact of the Covid-19 pandemic on completion of accounts and the CCG's compliance with accounting requirements; - plus the new approach to making a Value for Money (VFM) judgement in line with latest National Audit Office guidance. Assurance was given to the Committee that External Audit was already well-sighted on the CCG's risks. It was requested that the new VFM guidance be shared with the Committee between meetings for information. **ACTION: External Audit/Simon Barlow**

It was reported that the timeline for submission of the 2020/21 accounts could potentially be extended to 15 June 2021, although this would be subject to discussion between the External Auditor and Chief Finance Officer in advance of the next meeting. **ACTION: Louis Kamfer/External Audit.**

The formalised External Audit Plan for 2021/22 would be presented to the next meeting in March 2021 for discussion.

8. Corporate Governance

8.1 CCG Assurance Framework and Risk Register 2020/21

Sharon Fox, Director of Governance presented the latest version of the CCG Assurance Framework and Risk Register.

Audit Committee received a suggested new format for presenting CAF risks, whereby a 'mock-up example' was included as an appendix to the received paper. The new template which sought to present risk information in a more concise and accessible way was welcomed. It was also noted that the CAF in its current format was difficult to read on Diligent Board and that new format should also address this issue. Once finalised the intention was to adopt the new format from the commencement of the new financial year (1 April 2021), as opposed to making the change in-year. As part of this work, a need to review and possibly reduce or combine the several COVID-19 related risks currently on the CAF to ensure they appropriately captured the risk(s) of this evolving situation was also highlighted.

In line with the approach adopted at the last meeting in October 2020, the Committee focussed its attention on three specific risks to increase its understanding of them and discuss the mitigating controls and actions currently in place. The Chief Finance Officer (CFO) provided oversight on the following two finance risks:

CAF 9 - Failure to achieve the expected 2020/21 planned underlying deficit;
A key area of concern related to the CCG's underlying deficit position which continued to deteriorate. This was mainly a result of additional expenditure incurred

and the inability to deliver savings programmes because of the COVID-19 pandemic. The Committee was reminded that to date the CCG had still not had Regional or National sign-off of the financial plan. It was highlighted that other organisations in the wider system had also seen an impact on their underlying positions. Discussions with system partners were ongoing to ensure there was transparency and a collective understanding of the overall system position. Due consideration would also need to be given to the impact this could have on the CCG's Value For Money judgement as part of the annual accounts process. It was noted the Chief Finance officer would continue to meet and discuss this issue with system colleagues and also External Audit with regards to the issues associated with not having a 'signed-off' Plan at this late stage in the year. Mark Hodgson, External Audit commented that from an auditing perspective there was recognition the CCG had had to comply with national directions concerning funding allocations and expenditure over the course of the Pandemic, and as such part of the annual accounts work would be to assess whether the CCG had done all it could from a financial monitoring and reporting stand-point, or if there was anything additional that the CCG should have done or be doing. There was also recognition that in terms of financial planning this had been a very difficult and unprecedented year and as there was no end date for the pandemic, unknown factors relating to this remained. Liz Wright, Internal Audit commented that similar issues were being encountered throughout their CCG client base.

Dr Jane Collyer Left the meeting at 12.10. It was confirmed the meeting was no longer quorate and formal decisions could not be made by the Committee from this point.

CAF 9a Risk - *Failure to achieve the expected 2021/22 planned deficit (as submitted to Regulators in January 2020)* – Further to the previous discussion Louis Kamfer, Chief Finance Officer advised he had added this new risk to the CAF to reflect ongoing the uncertainty around the funding for 2021/22 and the unknown extent to which COVID-19 would continue to have an impact on services in the next Financial Year. The significant Patient Treatment List (PTL) backlogs and required recovery and restoration work to be undertaken in-year would also be a major factor. It was highlighted there was likely to be a significant gap between the current 2021/22 forecast and the original planning position due to a worsening of the 2020/21 underlying position. While there have been delays to the usual timings as a result of the pandemic, the 2021/22 (and beyond) planning process was underway and subject to ongoing discussions with system, regional and national colleagues although the work continued to be hindered by the immediacy of the ongoing pressures caused by the pandemic and Mass Vaccination delivery programme.

The Director of Governance also provided the Committee with an overview of CAF 19 - *Potential Failure of Best Buy Building Structure (RAAC Panels) impacting on service delivery* and the mitigations that were currently in place. Arising from this discussion Audit Committee acknowledged the challenge around effectively capturing and monitoring system related strategic risks and those risks the CCG only had limited control over. In order to take this matter forward it was suggested that Director of Governance and Internal Audit meet outside of the meeting to discuss the ongoing development of the CAF and that this should also cover consideration of any best practice suggestions; management and capture of strategic risks and those risks the CCG only had limited control over; optimum number of risks to be included on the CAF etc. **ACTION: Sharon Fox / Internal Audit**

The Committee also discussed the potential need to add an Integrated Care System (ICS) related risk to the CAF, given the impetus that was now being given

to this key area of work. Further discussion around the scoping of a suitable risk would be given in advance of the next meeting. **ACTION: Sharon Fox/COT**

In terms of the CAF risks to be considered in more detail at the next meeting it proposed that focus be given to the new ICS risk, once drafted, and to also receiving a further update on the two financial risks discussed earlier (CAF 9 and CAF 9a). It was also suggested that an update on CAF 5 - *Failure of Care Homes to be able to respond and manage resident care needs during the Pandemic and the Increasing expectation from NHSE/I on the responsibilities for care homes to sit with CCGs* be scheduled for a future meeting.

8.2 Governance Update

The Committee received a paper that highlighted a number of governance areas pertinent to the remit of the Committee. In summary, the main points reported were:

- *Covid 19 Pandemic Update: Governance Arrangements* – a latest position update was received and noted.
- *End of Transition (EU Exit)* – It was highlighted that although while End of Transition Agreement had been reached and subsequent Bill passed the CCG and health system partners would continue with daily Sit Rep reporting and closely monitor potential risks over the coming weeks and months.
- *STP Governance and Progress towards an Integrated Care System* - As progress was made towards introduction of the new Integrated Care System (ICS), the CCG's Director of Governance and team had taken on the oversight and governance of the STP Board, and its relevant sub-groups. Dr Julian Huppert commented that although the application to be made to NHSE/I for the Cambridgeshire and Peterborough Health and Care System to become an ICS was due to be discussed at the Strategy and Planning Committee, it was not clear what the formal sign-off process was. It was highlighted that visible sign-off from each of the statutory bodies involved was required. The Committee supported the suggestion that the ICS application be taken through CCG Governing body in advance of the February 2021 submission date. **ACTION Louis Kamfer/Wanda Kerr**
- The latest public Registers for 2020/21 were reported 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;
 - Use of the CCG Seal Register;
 - Register of Procurement Decisions; and
 - Primary Care Procurement Register.

8.3 Business Cycle 2020/21

The latest version of the Committee's Business Cycle agenda plan was received and noted.

9. Outcomes

9.1 Reflection on the Day's Meeting and Outcomes

The Committee complimented Laura Hill on her effective chairing of meeting and the summing up of the key actions.

10. Date of Next Meeting

Tuesday, 16 March 2021 at 11.30AM - TEAMS

*Simon Barlow
Corporate Governance Manager
February 2021*