

## Harrogate and Rural District Clinical Commissioning Group (HaRD CCG)

**Audit Committee**  
 Tuesday, 24 April 2018, 14:15 – 16:15

Boardroom 1, HaRD CCG  
 1 Gimbald Crag Court, St. James Business Park, Knaresborough, HG5 8QB

### Present

Sheenagh Powell Lance Gilroy	Chair of Audit Committee and Vice Chair of Governing Body Lay Member, Patient and Public Involvement
---------------------------------	---

### In Attendance

Alec Cowell Campbell Dearden Mark Kirkham Sasha Sencier Anne Ellis Playfair Helen Sanderson Steve Moss Angela Warters	Head of Finance, HaRD CCG External Audit Manager, Mazars LLP External Audit, Mazars LLP Corporate Governance Manager, HaRD CCG Internal Audit Manager, Audit Yorkshire Information Governance Officer Head of Anti-Crime Services, Audit Yorkshire Secretariat
--	---

### Apologies

Dilani Gamble Dr Rick Sweeney	Chief Finance Officer, HaRD CCG GP Governing Body Member
----------------------------------	---

#### 1.0 **Audit Review with External Audit** (Private Discussion)

#### 2.0 **Introductions and Apologies**

Apologies were received from Dr Rick Sweeney and Dilani Gamble.

**The Audit Committee:** noted the above

#### 3.0 **Declarations of Interest in Relation to the Business of the Meeting**

Sheenagh Powell has an ongoing Declaration of Interest due to her position within the Vale of York CCG as the Audit Chair.

**The Audit Committee:** noted the above

#### 4.0 **Minutes of the Meeting held 20 February 2018**

Minutes of the meeting held on 20 February 2018 were reviewed for accuracy and approved as a true and accurate record of the discussion.

**The Audit Committee:** approved the minutes as a true and accurate record.

CONFIRMED

## 5.0 Matters Arising

The Action log was reviewed and the amended action tracker is at Appendix A

All actions were completed barring one which was regarding the Governing Body workshop.

Sasha Sencier advised that Joanne Crewe felt that there was too much on the Governing Body workshop agenda for April and that the agenda for June is also very busy therefore the Committee Effectiveness Review has been relisted for September 2018 as a part of the Governance Review.

**The Audit Committee:** accepted the above.

## 6.0 Audit Committee Forward Plan

The Committee received the Forward Plan and no amendments were made.

**The Audit Committee:** approved the above.

## 7.0 Finance

### 7.1 Draft Accounts, Financial Statements, Annual governance Statement and Annual Report

Amanda Bloor presented the Annual Governance Statement to the Committee.

Alec Cowell confirmed that there is an understanding that the finance team is still working on the accounts and is still subject to audit.

Anne Ellis Playfair informed that two audits are still outstanding, however it is not expected that the outcome of these audits will change the current opinion of significant assurance.

Amanda Bloor thanked Sasha Sencier for all her hard work with the Annual Report/Annual Governance Statement. She also advised that the Governing Body GP's have seen both the Annual Governance Statement and the Annual Report.

Lance Gilroy noted that the Annual Report looked good and was informative.

Mark Kirkham queried if the third party assurances are yet to be updated, Alec Cowell confirmed this is correct. He also asked if Internal Audit has looked at any aspect of eMBED's activities with a view to giving third party assurance check. The only evidence received from eMBED is through the internal audit reports and the only one applicable to the CCG is the payroll audit.

In Dilani Gamble's absence, Alec Cowell presented the draft annual accounts.

CONFIRMED

The CCG's draft statutory accounts have been compiled using guidance from the Department of Health's 'Accounting Manual', the HM Treasury's 'Guidance on Annual Reports and Accounts', and NHS England's 'Year-end Accounts Guidance and Templates'.

The draft accounts include comparative figures throughout the report for the previous financial year for ease of comparison. There are few significant variances between the two years to draw your attention to. The main points to note are;

- Operating income reduced by £1.1m, which is due to the changes in funding arrangements regarding the Vanguard programme
- Operating expenditure increased by £6.2m, which is due to the non-delivery of a significant element of the QIPP programme and overspends reported throughout the year to FPCC
- Current assets have reduced by £1.5m, due largely to the reduced income noted above and more pro-active debt management in year.
- Current liabilities have increased by £1.2m, due largely to accruals for acute contracts final reconciliations and creditors for overtrades received at the end of the year rather than during the year.
- Note 1.24, which lists all the net accounting arrangements the CCG is a party to, has increased considerably. This is due to the dismantling of the PCU and various CCGs taking on the new hosting arrangements.
- Note 4.4, which lists the redundancies incurred during the year, relate to the CCG's share of redundancies arising from the dismantling of the PCU.
- Note 24.1, which covers the losses incurred by the CCG, relates to an uncollectable debt the CCG decided to write off (£480)

Absence data is still outstanding and the HR team at eMBED will be releasing this information shortly.

Sheenagh Powell queried the accounts do not show an overspend. It shows the target and the performance and you have to deduct one from the other to gain the overspend. Alec Cowell confirmed that there is no note included in the accounts regarding the overspend and there is no requirement for the CCG to report this.

Mark Kirkham asked about adequacy for the draft financial report – might benefit from an awareness from management of the outcomes of agreements for balances exercise. Sheenagh Powell advised that this had been discussed at the Finance, Performance and Commissioning Committee meeting earlier today. Sheenagh Powell asked Alec Cowell about the variance tolerances from NHS England with regards to this. NHS England sometimes calculate things in a different way and therefore have a different end result.

Alec Cowell is going to compile a significant exceptions summary and this will be sent around the committee and will include anything under £100K.

**ACTION:** Alec Cowell to send out Analytical review and the Agreement of Balances to Sheenagh Powell, Lance Gilroy and Dr Rick Sweeney for them to review.

CONFIRMED

Sheenagh Powell thanked Alec Cowell and his team for all their hard work.

Sheenagh Powell also formally thanked Amanda Bloor for attending and presenting the Annual Report, Annual Governance Statement and Annual Accounts 2017/18

**The Audit Committee:** Received and noted subject to audit.

Amanda Bloor left the room at the completion of the above item.

## **7.2 Single Tender Waiver – ECG Machines for Primary Care**

The CCG's internal procedure for single tender waivers includes noting them at Audit Committee for transparency.

A copy of the single tender waiver form for the ECG machines for GP practices was attached for the Audit Committee's perusal. This single tender waiver grants the contract to the existing supplier, Broomwell Healthwatch. The contract will be awarded through an existing procurement framework which removes the possibility of challenge from other suppliers.

**The Audit Committee:** noted the above. Sheenagh Powell countersigned the Single Tender Waiver during the meeting agreeing that the process had been assured.

## **8.0 Corporate and Governance**

### **8.1 NHS England Conflict of Interest Returns**

The Improvement and Assessment Framework (IAF) includes a conflicts of interest indicator to assess CCGs' compliance with the requirements of the revised statutory guidance on managing conflicts of interest for CCGs. CCGs are required to demonstrate compliance with the conflicts of interest indicator through an annual and quarterly self-certification submission.

The Audit Committee received the Q4 return and the Annual Return for 2017/18. It was noted that no breaches were recorded for 2017/18.

**The Audit Committee:** receives this report as assurance that CCG is complying with the statutory guidance set out by NHS England.

### **8.2 Statutory and Mandatory Training Figures**

Harrogate and Rural District CCG recognises that statutory and mandatory training is of vital importance in order to protect the safety of staff, visitors and the general public. It is a CCG priority for staff to be released to undertake statutory and mandatory training.

CONFIRMED

Statutory and mandatory training must be undertaken by all staff. Failure to do so would be considered to be a breach of the terms and conditions of employment and may be subject to disciplinary procedures.

The report detailed the statutory and mandatory training that staff are required to undertake and showed compliancy figures.

The conflict of interest module was only recently brought out by NHS England and the CCG need to meet a target of 95% by the end of May. There is a discussion taking place at the moment with eMBED with regard to some performance targets to amend them from 100% to 85%.

There was a discussion regarding the appropriate performance targets and the time that some of the training can take and the possibility of tailoring some of the modules.

Sasha Sencier offered to report back to the November meeting with regards to the targets.

**The Audit Committee:** received the training figures as assurance that the CCG is committed to ensuring all statutory and mandatory training remains a priority for staff to complete.

### **8.3 Security Policy**

This policy covers the general security arrangements within the organisation and notes the relationship with other security related policies. In addition it covers the CCGs responsibilities as commissioners for ensuring that the services they commission are safe and secure.

Sasha Sencier went through the policy and disclosed that although she had received some feedback after the requested date, most of the feedback was regarding wording amendments and doesn't change the policy content.

**The Audit Committee:** approved the Security Policy, subject to amendments to be made in light of the feedback received as it doesn't change the content.

Sasha Sencier left the meeting at the completion of the above item.

## **9.0 Information Governance**

### **9.1 IGSG Minutes and Toolkit Update**

Helen Sanderson joined the meeting.

Helen Sanderson reported that the IG Toolkit return for 2017/18 has been completed and is ready for submission. The submission has been fully audited and an opinion of significant assurance returned.

CONFIRMED

The Audit Committee noted that the toolkit for 2018/19 has been fully redesigned to take into account technological developments and the requirements of GDPR and will now be known as the Data Security and Protection Toolkit. A key element of the new toolkit is that organisations can demonstrate on going best practice.

All Information Governance Policies and Serious Incident Policy have been updated for GDPR, it was noted that the HR Policies are in progress of being updated and this is to be monitored.

The CCG has established procedures to prompt all teams to regularly review and update their data flow mapping and for project managers to complete Data Protection Impact (Privacy Impact) assessments which are a key requirement of GDPR.

There are two outstanding areas still to be addressed; the appointment of a Data Protection Officer and the update of the privacy notice to detail legal bases for processing personal identifiable data and the retention periods of that data.

The incidents reported are where the CCG has been sent excessive personal identifiable data, which is not required by the CCG and therefore these are not CCG incidents. However the CCG monitors these instances to ascertain whether any particular organisation continues to send information not required.

The CCG is asked to note that if an Officer of the Information Commissioner (ICO) is expected you should be informed prior to the visit, if you are not, you can contact the ICO to verify the identity of staff before letting them on the premises.

At the time of the IG Steering Group it was noted that 6 GP practices still had to start their IG Toolkits, however by 31 March all practices had completed and returned their IG Toolkit.

**The Audit Committee:** noted that IGSG minutes and the update regarding the Toolkit had been received. .

## 9.2 GDPR Update

There are a number of actions the CCG need to complete to meet the requirements of the Regulation by 25 May 2018. These have been detailed in a 12 point plan by the Information Commissioners Office.

The Audit Committee were assured that we are meeting our obligations for the GDPR.

Helen Sanderson advised that there was another briefing session about GDPR at Staff Briefing on 30 April 2018.

Helen Sanderson left the meeting at the completion of the above item.

CONFIRMED

**The Audit Committee:** Acknowledged the above and supported the required actions.

**10.0 Internal Audit**  
**10.1 Internal Audit Periodic Progress Report**

The audit plan is agreed with the Audit Committee on an annual basis. This report set out performance against the agreed plan and identifies the scope of work undertaken and the assurances provided.

**Summary of Progress**

In 2017/2018 it has been agreed that Audit Yorkshire will provide an audit plan that equates to 98.75 audit days. In addition two audits were postponed or cancelled from 2016/2017 (Commissioning Support Contract Management and New Care Models) and 8.5 days were brought forward in relation to that work.

Two audit reports have been agreed with Management since the last Audit Committee; in addition two reports have been issued in draft. The reports are as follows:-

Report No	Report	Final	Draft	Opinion
2017/07	Information Governance Toolkit	✓		Significant
2017/08	Budgetary control and Reporting and Key Financial Controls	✓		Significant
2017/09	Management of Conflicts of Interest		✓	
2017/10	Risk Management Arrangements		✓	

There are still two reports to issue (QIPP part 2 and Referral Management part 2 Audit).

Alec Cowell asked about the two audit reports on the Head of Internal Audit report. There is one report regarding the North Yorkshire CCG's – will this be completed before final head of internal audit opinion goes in, Anne Ellis Playfair confirmed that there will be a number of different opinions, there will be limited assurance for data quality, the opinion for data management and governance of transition and ongoing maintenance of services and quality is to be determined. Data cleansing exercise planned for early this year.

Overall the Head of Audit Opinion will provide an opinion of significant assurance, including the caveat in the Head of Audit opinion and will list the areas of outstanding risks.

Sheenagh Powell said she had one issue regarding Key Financial Controls – financial targets are achieved and significant assurance and how can this be when the CCG has overspent. Anne Ellis Playfair replied that the controls are operating as designed. The controls are what the CCG can reasonably be expected to do, not the actual outcome.

CONFIRMED

Anne Ellis Playfair is confident that everything will be in draft by 11 May 2018.

Alec asked if the Audit Committee would like him to raise the decline shown within the Key Performance Indicators, particularly the percentage of management responses received within 15 working days of the issue of the draft report, with the Senior Management Team as it has declined from 93% to 75% (This is two reports out of a total of eight reports). Sheenagh accepted his offer.

**ACTION:** Alec to feed back to SMT.

**The Audit Committee:** notes the work undertaken to complete the 2017/2018 Internal Audit Plan

## 10.2 Audit Recommendations Status Report

This paper provided an update on the status and progress in implementing audit recommendations at the CCG.

Appendix A which was attached to the paper summarised the status of audit recommendations to be implemented. A total of 40 recommendations have been completed leaving a total of 8 outstanding.

Sheenagh verified that there were no high priority recommendations within the report.

The audit committee passed on their thanks the managers for their responses at such a busy time.

**The Audit Committee:** noted this report.

## 10.3 2018/19 Audit Plan

This report incorporated the draft Internal Audit Operational Plan for 2018/2019.

A high level three year strategic audit plan was agreed with the CCG's Audit Committee in February 2016. This covered the period from 2016/2017 through to 2018/2019.

The Senior Management Team reviewed the plan at its meeting on 22 January 2018 and identified priority issues for the plan in 2018/2019. This was reflected in a revised operational audit plan for 2018/2019 presented to the Audit Committee in February 2018.

The Audit Committee had expressed concern that the plan may not reflect the risks of the organisation with regard to financial governance and requested the SMT to review the plan and consider the number of days for financial governance and bring the plan back to the Committee for approval in April.

CONFIRMED

A revised plan was presented for discussion and agreement by the Audit Committee. The overall number of audit days remains the same; however the number of days for Quality and Safety Audit has been reduced by 10 days to accommodate an increase of days from 10 to 20 to provide assurance on QIPP.

Management has requested the QIPP audit to be staged through the year covering the following:

- Q1 Assurance on the processes to evidence delivery of the QIPP
- Q2 Assurance on the governance and reporting mechanism for the cost improvement programme with regards to the HDFT aligned contract
- Q3 Assurance on the governance and reporting mechanism for the CCGs QIPP programme
- Q4 Assurance on the 2018/20 QIPP planning process

In addition the pan-North Yorkshire QIPP programmes will be included in the pan-North Yorkshire audit plan (to be developed).

Quality and Safety audits will be combined into one Quality audit incorporating the Quality Strategy and Assurance processes, with a focus on patient experience and primary care quality. This will maintain the breadth of assurance to be provided whilst releasing efficiencies in audit days to be transferred to QIPP.

Sheenagh Powell queried if there would be a quality element to the QIPP Audit as this would be a concern of the Audit Committee. Anne Ellis Playfair confirmed that quality would be included although not specifically in the QIPP.

Alec Cowell clarified that within specific QIPP days, the quality aspect was not included although there are procedures in place to track days used.

Anne Ellis Playfair said that the first audit was regarding evidence of delivery and therefore quality could be included.

Sheenagh Powell stated that there is a good reason for these audits and that the performance information is excellent.

Alec Cowell added that he feels this is a much better plan than the draft brought to the last meeting and that it was the right decision to take it back to the Senior Management Team.

Alec Cowell mentioned that the pan-North Yorkshire audit has been started; Anne Ellis Playfair gave more details of this audit to the committee.

**The Audit Committee:** approves the Internal Audit Operational Plan for 2018/19

## 11.0 External Audit

### 11.1 External Audit Progress Report

The report sets out progress on the external audit for 2017/18. Since the external audit teams last progress report, they have completed their interim visit, which included:

- Walkthroughs of the key information systems;
- Updating their IT risk assessment;
- Interim substantive testing of journals and expenditure including primary care co-commissioning; and
- Commenced their value for money significant risk work. On-going work includes:
  - On-going liaison with senior officers and consideration of key agendas and papers;
  - Liaising with the CCG internal auditors to share knowledge and ensure no duplication.

At this stage of the audit, there are no significant issues arising or significant deficiencies in internal control that the external audit team are aware of from their work and planned work is on track for the year.

Sheenagh Powell said that there was some discussion at a recent Audit Chair's Forum regarding Audit plans for the STP's, NHS England's representative (Matthew Swindells, National Director: Operations and Information) stated that all statutory bodies involved are internally audited.

**The Audit Committee:** noted the external audit progress report.

### 11.2 Joint Declarations from Management and those charged with Governance

International Auditing Standards require auditors to ask management and those charged with governance about arrangements the Clinical Commissioning Group (CCG) has put in place:

- to prevent and detect fraud; and
- to comply with applicable law and regulations.

The Audit Committee of the CCG agreed to prepare a joint response from management and those charged with governance (the Audit Committee).

The formal letter was received at last Audit Committee with all the questions and this joint declaration includes our answers.

Sheenagh Powell raised the going concern evidence, she has no concerns about

CONFIRMED

this item but was questioning if we have provided enough evidence in this response to meet the auditors requirements, given that it hasn't changed from last year. Sheenagh Powell and Alec Cowell talked about strengthening the wording.

**ACTION;** Alec to send updated the item, joint declarations from management and those charged with governance, round the Audit Committee, this to be done within the next week to ensure auditors have the assurance they need for the audit.

**The Audit Committee:** notes the declarations but recommend to management that they enhance it by providing some argument to underpin the going concern basis.

## **12.0 Counter Fraud and Security**

### **12.1 Approval of Draft Counter Fraud Plan**

The 2018/19 Fraud, Bribery and Corruption work plan details planned anti-fraud activity at the CCG to be undertaken during the financial year. The plan is based on the NHS Counter Fraud Authority Counter Fraud Standards for Commissioners.

Steve Moss briefed the committee on the plan including the prevention work, anti-crime newsletters and briefing to staff.

Guidance will come out later this year to ensure people are aware of GDPR and personal data

Steve Moss advised that this year's plan is very similar to previous plans.

Sheenagh Powell said that she is pleased that this plan complies with all the regulations that it needs to.

**The Audit Committee:** Approve the Draft Counter Fraud Plan

## **12.2 Counter Fraud Annual Report including Counter Fraud Self Review Tool**

The report provided a summary of proactive, strategic and reactive counter fraud performed during 2017/18. Appended to the report was the CCG's Counter Fraud Self Review Tool, outlining the organisation's self-assessment against the NHS Counter Fraud Authority's Standards for Commissioners.

Mandated report to be signed off by Chief Finance Officer and also goes to Compliance Team, NHS Counter Fraud Authority.

Sheenagh Powell asked if there was an obligation to make the annual report public. Alec Cowell pointed out that this could make us a target as it would show where we were weaker.

The Self Review Tool has been appended regarding compliance; the CCG has been awarded a green rating overall.

**The Audit Committee:** note and receive the Annual Counter Fraud Report 17 / 18.

CONFIRMED

### 13.0 Any Other Business

Sheenagh Powell gave an overview of her recent visit to the Audit chairs forum.

There was a presentation from Paul Baumann regarding the financial position of NHS which was quite interesting. The Forum is chaired by audit chair of NHS England. Paul Baumann feels that the Audit Chairs should be assuring the STP's although it was noted that very few Audit Chairs are participants in the governance of STP's.

There was also a discussion regarding the service auditor report into Capita, Sheenagh Powell enquired if the external auditors were happy with their services, Mark Kirkham advised that they were rarely happy with Capita but they had an alternative route for assurance.

Andy Leary (Director of Financial Resilience, NHS England) made a presentation regarding financial resilience, a part of which was about a website concerning financial resilience support which gives a checklist to use when using the financial controls assessment. There were a lot of people knew about the website although quite a lot of people were unable to access the site as it needs to be accessed through Sharepoint. Sharepoint seemed to be barring a significant number of people although NHS England has asserted that everybody can access Sharepoint.

**ACTION** – Alec to look into the website and report back in August.

### 14.0 Feedback on the Meeting

No feedback given.

### 15.0 Key Messages to Governing Body

- Approved Security Policy
- Approved Draft Counter Fraud Plan
- Approved 2018/19 Internal Audit Plan
- Received and discussed Draft Accounts, Financial Statements, Annual Governance Statement and Annual Report
- Received GDPR Assurance and Update on Implementation
- Considered Joint Declarations from Management and those charged with Governance - strengthening on wording asked for.

### 16.0 Next Meeting:- Tuesday 22 May 2018 at 14:00

Meetings for 2018/19 will be held in Boardroom One at the CCG.

Tuesday 21 August 2018, 14:00 – 16:00

Tuesday 6 November 2018, 14:00 – 16:00

Tuesday 26 February 2019, 14:00 – 16:00

CONFIRMED