

GB 18 090

**NHS Nottingham City CCG Audit and Governance Committee
NHS Nottingham North and East CCG Audit and Governance Committee
NHS Nottingham West CCG Audit and Governance Committee
NHS Rushcliffe CCG Audit and Governance Committee**

DRAFT Minutes of the meeting as Committees in Common held on 24 May 2018, 09.30 – 11:00,
Stapleford Suite, Stapleford Care Centre, Church Street, Stapleford, Nottinghamshire NG9 8DB

Organisation

		NHS Nottingham City CCG	NHS Nottingham North and East CCG	NHS Nottingham West CCG	NHS Rushcliffe CCG
Members present:					
Tim Woods	Audit and Governance Committee Chair (and Chair of the meeting)	✓		✓	✓
Terry Allen	Audit and Governance Committee Chair		✓		
Ann Greenwood	Audit and Governance Committee Chair			✓	✓
Janet Champion	Lay Member	✓	✓		
Sue Clague	Lay Member	✓			
Suma Harding	Associate Lay Member				
In attendance (Greater Nottingham CCGs):					
Sam Walters	Accountable Officer (in attendance from item AG 040 18)	✓	✓	✓	✓
Jonathan Bemrose	Chief Finance Officer	✓	✓	✓	✓
Lucy Branson	Director of Corporate Development	✓			
Lynne Sharp	Head of Governance and Engagement			✓	✓
Jo Simmonds	Head of Corporate Assurance (Minutes)	✓			
Sarah Szubert	Head of Finance				
Audrey McDonald	Assistant Chief Finance Officer		✓	✓	✓
External attendees:					
Tony Crawley	KPMG – External Audit				
Claire Page	360 Assurance – Internal Audit				
Joanna Clark	360 Assurance – Counter Fraud (Item 034/18)				
Apologies:					
Mike Wilkins	Lay Member		✓		
Ian Blair	Lay Member				✓
Sian Gascoigne	360 Assurance – Internal Audit				

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INTRODUCTORY ITEMS	
AG 028/18	<p>Welcome and apologies</p> <p>The Chair of the Meeting welcomed everyone to the Greater Nottingham CCGs' Audit and Governance Committees meeting in common ('the Committees') and introductions were given.</p> <p>Apologies were noted as above.</p>
AG 029/18	<p>Confirmation of quoracy</p> <p>It was confirmed that the meeting was quorate.</p>
AG 030/18	<p>Declarations of interest for any item on the agenda</p> <p>There were no declarations of interest in relation to any items on the agenda.</p>
AG 031/18	<p>Management of any real or perceived conflicts of interest</p> <p>As there were no declarations of interest, this item was not required.</p>
AG 032/18	<p>Minutes from the previous meeting in common held on 10 May 2018</p> <p>The following amendments were requested:</p> <ul style="list-style-type: none"> • Page 1 - It was confirmed that Janet Champion was also at this meeting as a member of Nottingham City CCG. • Page 10, Ref AG 017/18 – this should refer to the 'Conflicts of Interest Policy' not 'Risk Management Policy'. <p>Subject to the amendments above being made, the minutes were agreed as an accurate record of the meeting.</p>
AG 033/18	<p>Action log and matters arising from the meeting in common held on 10 May 2018</p> <p>Updates on the action log were provided as follows:</p> <p><u>Capita ISAE 3402 Final Type II Report for 2017/18</u> – Tim Woods advised that this issue would be discussed at the NHS England National Audit Chairs Forum in November 2018. Jonathan Bemrose added that it would be raised at the Finance Leads meeting the following day. The National Audit Office (NAO) had also published a report on NHS England's management of the primary care support services contract with Capita and members agreed that this should be reviewed at the next Audit and Governance Committees meeting in common.</p> <p>All other actions were noted as completed or in progress.</p> <p>ACTION: Jo Simmonds to add the NAO report on Capita to the Committee's forward work programme.</p>
COUNTER FRAUD	
AG 034/18	<p>Counter Fraud Annual Reports 2017/18</p> <p>Joanna Clarke presented the Counter Fraud Annual Reports 2017/18 for each of the CCGs. The following key points were highlighted:</p>

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- (a) The reports were a combination of the counter fraud reports reviewed by the committees throughout the year and there was very little difference between the four reports.
- (b) With regard to the annual Self Review Tool (SRT) submissions to the NHS Counter Fraud Authority, each CCG had achieved an overall score of green. Work was still required in relation to policies but this had been put on hold whilst the Greater Nottingham CCG policies were being developed. This was not a concern as all four CCGs were currently working to their own policies.
- (c) The Committees noted the individual amber scores for the provider indicators and accepted that working towards a green for these would involve undertaking disproportionate amount of work.

Joanna was thanked for her presentation and for work performed throughout the year.

The Committees **NOTED** the Counter Fraud Annual Reports 2017/18 for each of the Greater Nottingham CCGs.

GOVERNANCE AND RISK

AG 035/18

Greater Nottingham CCG's Risk Management Arrangements (Verbal)

Jo Simmonds explained that work was currently underway to align risk management arrangements across the Greater Nottingham CCGs and develop the joint Risk Management Policy. Jo advised members of the following key points:

- (d) The purpose of this update was to provide members with early sight as to how the arrangements were progressing in line with the Committees' responsibilities for ensuring that risk management systems are effective.
- (e) The risk management policy had been drafted and was scheduled for review at the July Governing Body meetings. This would include discussion and agreement of the joint risk appetite and risk tolerance levels.
- (f) Work was being progressed to combine the individual Greater Nottingham CCG risk registers. Collectively, there were around 80 risks but as there was a lot of commonality across the four registers, it was felt that a number of these could be merged. Following finalisation of the joint staffing structure, meetings were being arranged with leads to look at risks within their areas of responsibility and agree where this would be appropriate.
- (g) There was to be only one organisational risk register in place; although this would reflect each statutory organisation. Whilst individual projects etc. may keep risk logs (in line with good practice) the expectation is that risks to the organisation would be monitored centrally to ensure appropriate oversight.
- (h) The final risk register would be reviewed at the first meeting of the Corporate Assurance Committee, along with a report around the process used to provide assurance that no risks had been 'lost' in the transition.
- (i) There would also be a joint Assurance Framework. This was being developed alongside the new Greater Nottingham strategic objectives and risks would link directly to the underpinning strategic enablers. This was to be a two-tier system, reflecting where strategic risks were aligned to the Joint Commissioning Committee's delegated responsibilities or within the retained duties of the Governing Bodies. It was intended that the Audit and Governance Committee would receive focussed reports from the Assurance Framework.
- (j) Due to the size of the Risk Register, each committee within the Greater Nottingham CCGs' governance structure would be responsible for monitoring risks that sat within its responsibilities. Caution was needed around this approach, as risks could have different facets that were not all within the remit of

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| | one particular group. |
| | (k) Major risks would be escalated to the Governing Bodies and/or Joint Commissioning Committee at every meeting and reviewed by the Clinical Commissioning Executive on a monthly basis. Regular directorate reports would also be issued to ensure robust operational oversight by the appropriate lead and discussion at directorate meetings. |
| | (l) Colleagues from Internal Audit had been engaged in the developing risk management arrangements and would continue to be involved until processes were firmly embedded. |

Discussion ensued as follows:

- (m) It was felt that there may be a risk that the arrangements were fragmented; however, it was acknowledged that the CCG's governance arrangements were based on joint working and it was the Committee's role to keep challenging that processes were working effectively.
- (n) Concerns were raised that CCG specific risks may be lost in the new arrangements. Members were assured that Locality Directors were responsible for ensuring that local risks were captured and monitored centrally.

Jo was thanked for her update.

ACTION:

Jo Simmonds to circulate diagram of risk management arrangements/ responsibilities outside of the meeting.

The Committees **NOTED** the ongoing work with regard to the Greater Nottingham CCGs' risk management arrangements.

AG 036/18 Losses and Compensation Payments

Jonathan Bemrose advised that there were no Losses and Compensation Payments to report at this meeting.

AG 037/18 Use of Company Seal

Jonathan Bemrose advised that there was no use of the Company Seal to report at this meeting.

AG 038/18 Waiver of Standing Orders

Jonathan Bemrose presented an exemption request for the NHS Nottingham Treatment Centre. Members were advised of the following:

- (a) NHS Rushcliffe CCG is the lead commissioner for the Nottingham Treatment Centre; however, it was appropriate that the exemption form was reviewed by each of the Greater Nottingham CCGs' Audit and Governance Committees.
- (b) A decision had been made with the each of the Greater Nottingham CCGs' Clinical Chairs to issue a direct award to the Circle Partnership for a 12 month interim contract.
- (c) This decision was made to ensure continuity of service whilst a fresh procurement is designed and carried out in accordance with regulatory obligations.
- (d) Members were asked to note that the exemption form used was not the one referenced in the South County CCG's Detailed Financial Policies; however, this was not a significant factor and the form used was appropriate and in line with the Procurement Policy.

The Committees **NOTED** the decision to issue the Circle Partnership with a direct

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award for a 12 month contract.

INTERNAL AUDIT

AG 039/18

Annual Reports and Final Head of Internal Audit Opinions

Claire Page presented the Greater Nottingham CCG's Annual Reports and Final Head of Internal Audit Opinions. Key points were highlighted as follows:

- (a) There is commonality across each of the reports and each CCG had been issued with an opinion of significant assurance.
- (b) The reports recognised the challenges ahead for the CCGs and these had been incorporated into the Annual Internal Audit Plan for 2018/19.
- (c) Client satisfaction surveys had been undertaken, with only Nottingham City CCG indicating dissatisfaction with the service provided over the last year. This was being addressed.

The following point was made in discussion:

- (d) There were concerns that there was a lot of work to do and that the Committees would not have sight of progress as the next meeting wasn't scheduled until September. Members were assured that Executives were meeting with Internal Audit and planning across a number of audits was already underway.

ACTION:

Claire Page to ensure that all members receive the Terms of Reference for Internal Audit reviews and to update members with progress over the summer.

The Committees **NOTED** the Internal Audit Annual Reports and Final Head of Internal Audit Opinions for 2017/18.

ANNUAL REPORTS AND ACCOUNTS 2017/18

AG 040/18a

Final Annual Reports and Accounts 2017/18

Members were reminded that each of the Greater Nottingham CCG Governing Bodies had delegated authority to the Audit and Governance Committees to approve the Annual Reports 2017/18 and adopt the Annual Accounts 2017/18.

Governance Statements 2017/18:

Lucy Branson and Lynne Sharp advised members of the following amendments to the Governance Statements for Nottingham City, Nottingham West and Rushcliffe:

- (a) Relatively minor amendments had been made since the drafts were received at the last meeting. All amendments were in line with recommendations made by External Audit and also included updated year-end figures.
- (b) The section on control issues had been updated to report on the procurement of the Nottingham Treatment Centre.
- (c) Whilst Hazel Buchannan was not in attendance at the meeting, members were advised that the same changes had been by each of the CCGs

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AG 040/18b

Annual Accounts 2017/18:

Sarah Szubert and Audrey McDonald advised members of changes made to the Annual Accounts since review at the Committees last meeting. In summary, these related to the following:

- (a) Nottingham City CCG – Exit package tables had been included to show other agreed departures and split coding of audit fees so only net costs were shown. A correction had also been made to the Better Payments Practice Code as the original spreadsheet was corrupted.
- (b) South County CCGs – A number of minor amendments had been necessary but a key one highlighted to members was the re-statement of the Continuing Healthcare 2016/17 balances, which included a policy note addition.
- (c) A small number of cosmetic changes had been made to all four sets of accounts but these had not impacted on figures previously shown in the draft accounts.

AG 041/18

ISA 260 Reports on the Financial Statements

Tony Crawley presented the External Audit reports 2017/18 for each of the CCGs. The following key points were highlighted and discussed:

- (a) It was intended that each of the CCGs would be issued with an unqualified audit opinion following adoption of the accounts by the Audit and Governance Committees and receipt of the management representation letters.
- (b) The Treatment Centre contract procurement had been considered for the Value for Money (VfM) factor. As work was ongoing to complete an internal governance review, Jonathan Bemrose had provided assurances as to how the next procurement would be run.
- (c) A rebate for Category M prescribing had been issued to CCGs nationally. As the guidance for this did not stipulate how it should be reported in the ledger, City CCG had reported the expenditure as per the prescribing data; whereas the South County CCGs had netted the rebate off the expenditure.
- (d) It had been agreed with External Audit that this was not material, so did not require adjustment to City's final accounts; however, an explanation would need to be provided in City's Management Representation Letter.
- (e) The difference in approach to reporting the rebate was queried, as the single management structure now in place should ensure alignment of working practices. Members were assured that teams were already working closely together and that this should not happen again.
- (f) City's completed Inquiries document was still required and Jonathan agreed that this would be forwarded following the meeting.
- (g) Tony passed on his thanks to Audrey and Sarah for their help during the audit period.
- (h) Jonathan advised that the deadline for uploading the Annual Reports was Tuesday 29 May 2018.

The Audit and Governance Committees **ADOPTED** the Annual Accounts 2017/18 for each of the Greater Nottingham CCGs; and **APPROVED** the Annual Governance Statements/Annual Reports 2017/18 for each of the Greater Nottingham CCGs.

AG 042/18

Letters of Representation

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	Management Representation Letters were presented and it was explained that the Accountable Officer of the Greater Nottingham CCGs would be required to sign them as part of the Annual Accounts process.

CLOSING ITEMS

AG 043/18	<p>Any other business</p> <p>It was noted that this would be Ann Greenwood's last meeting. Members thanked Ann for her contribution as a Lay Member and wished her luck in her new post.</p> <p>Carol Knott had resigned from her post as Lay Member for Nottingham West CCG and the Chair of the meeting requested that thanks be passed on from the members.</p>
AG 044/18	<p>Risks identified during the course of the meeting</p> <p>It was agreed that risks around the potential for fragmented risk management/ governance arrangements should be considered further.</p> <p>ACTION:</p> <p>Jo Simmonds and Lucy Branson to consider risks around the new governance and risk management arrangements and add to the Risk Register as appropriate.</p>
AG 045/18	<p>Key issues and recommendations to highlight to the Governing Bodies</p> <p>The adoption of the accounts and approval of the annual reports for each CCG will be highlighted.</p>
AG 046/18	<p>Date of next meeting:</p> <p>The following dates are proposed and will be confirmed with members following the meeting:</p> <ul style="list-style-type: none"> • 27 September 2018 • 6 December 2018 • 28 February 2019 <p>Tim Woods closed the meeting and thanked everyone for their attendance.</p>