

## Item: 11.3

### INTEGRATED AUDIT AND GOVERNANCE COMMITTEE

#### MINUTES OF THE EXTRAORDINARY MEETING HELD ON 18 APRIL 2018 AT 2.00PM IN THE BOARDROOM, WILBERFORCE COURT, HULL

#### PRESENT:

Karen Marshall, Lay Member, Hull CCG (*Chair*)  
Paul Jackson, Lay Member, Hull CCG (*Vice Chair*)

#### IN ATTENDANCE:

Campbell Dearden, External Audit Manager, Mazars LPP  
Mark Kirkham, Partner, Mazars LPP  
Mike Napier, Associate Director of Corporate Affairs, Hull CCG  
Sarah Milner, Senior Finance Manager, Hull CCG  
Emma Sayner, Chief Finance Officer, Hull CCG  
Danny Storr, Deputy Chief Finance Officer- Finance, Hull CCG  
Pam Heaford, Personal Assistant, Hull CCG - (*Minute Taker*)

#### 1. APOLOGIES FOR ABSENCE

Jason Stamp, Lay Member, Hull CCG

The Chair explained that the purpose of this meeting was to allow IAGC members to review the draft annual accounts for 2017/8 in detail to be fully briefed on any exceptions and significant movements, whilst also providing an opportunity to raise any comments and views in order to ensure that full assurance could be gained.

#### 2. DECLARATIONS OF INTEREST

In relation to any item on the agenda of the meeting, members were reminded of the need to declare:

- (i) any interests which are relevant or material to the CCG;
- (ii) any changes in interest previously declared; or
- (iii) any financial interest (direct or indirect) on any item on the agenda

Any declaration of interest should be brought to the attention of the Chair in advance of the meeting, or as soon as they become apparent in the meeting. For any interest declared, the minutes of the meeting must record:

- (i) the name of the person declaring the interest;
- (ii) the agenda item number to which the interest relates;
- (iii) the nature of the interest;
- (iv) be declared under this section and at the top of the agenda item which it relates to;

**Resolved:**

(a)	No declarations of interest were made.
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**3. DRAFT ANNUAL ACCOUNTS 2017/18**

The Deputy Chief Finance Officer presented the NHS Hull CCG draft Annual Accounts for 2017/18. Members were advised that the production of the accounts was now complete, subject to the completion of related party transactions and some rounding differences, minor formatting and inclusion of some additional accounting notes.

The audited accounts would be reviewed by the IAGC on 24 May 2018 and presented to the CCG Board for formal sign off on 25 May 2018.

Members were taken through the accounts page by page and the following significant movements were highlighted:

**Statement of Comprehensive Net Expenditure**

The increase in the value of the purchase of goods and services related to the CCG being delegated full responsibility for GP contracts – accounting note to be added to explain this.

**Statement of Financial Position**

The depreciation in property, plant and equipment was a current assessment of capitalising the fit out of floor 3, Wilberforce Court

**Statement of Changes in Taxpayers Equity**

The increase in spend for 2017-18 compared with the comparator for 2016-17 was a result of fully Delegated Commissioning.

**Statement of Cash Flows–**

The CCG had reported a final cash balance of £32k in the bank at 31 March 2018.

**Notes to the Financial Statements** - there had been no further changes made to the Accounting Policies since the last review made by the IAGC on 13 March 2018.

**Other Operating Revenue** – there had been a decrease from £2,191k for 2016-17 to £1,878k for 2017-18. This was a result of income associated with secondment of staff and STP recharges.

**Employee Benefits and staff numbers** – there had been an increase in net employee benefits from £3,620k for 2016-17 to £4,046k for 2017-18 – this increase was a result of STP hosting.

**Average Number of People Employed–**

The increase in the total number of staff was a result of the STP Programme Office and the expansion of the BI Team.

There had been two exit packages which had both been compulsory redundancies.

**Operating Expenses –**

Explanatory notes had been provided for all the major changes, the most significant of which related to GPMS/APMS and PCTMS which was a result of 2017/18 being the first year of Delegated Commissioning.

Mark Kirkham enquired as to whether the CCG had experienced any difficulties with agreement balances. Assurance was provided that an inter NHS organisation full exercise toolkit had been run to agree expenses and income.

No significant issues had been flagged up and regular schedules had been produced. There had been nothing major to report no significant concerns.

Nothing significant had been received after yearend.

**Better Payment Practice Code** – performance against target had been over 95%.

The CCG was now integrating a process with the Council and working collaboratively.

**Operating Leases –**

More work was needed in this area.

Void and vacant space – note to be added

**Property, Plant and Equipment** – it was agreed that all rows showing only zeros could be removed.

**Trade and other receivables** – the increase related to outstanding invoices from NHSE, a credit note due from CHP and accrued income from HCC.

**Cash and cash equivalents** – there had been £32k cash in the bank at 31 March 2018

**Trade and other payables** – the increases were due to:

- invoices from HEYHT and HFT,
- accruals for Delegated Commissioning, and
- increased accruals for Out of Contract Mental Health, estates related charges, MSK Single Point of Access

More analysis was needed on outstanding pension contributions – delegated element.

**Operating segments** – there was one operating segment “Commissioning of Healthcare Services”

**Pooled Budgets** – more information to be added – shows high level summary

**Related party transactions** – this section was to be completed

**Events after the end of the reporting period** –

there were no post balance sheet events which would have a material effect on the financial statements.

Subject to some minor amendments to formatting and accounting notes identified during the meeting and a final consistency check, the draft Annual Accounts would be submitted by the deadline.

The draft accounts would then go through a rigorous process of audit and the audited Annual Accounts 2017/18 would be presented to Integrated Audit & Governance Committee members at an extraordinary meeting on 24 May 2018, prior to submission to the CCG Board on 25 May 2018 for formal sign off.

The Chair expressed her thanks to all those involved in the production of a timely and accurate set of accounts.

External Audit advised that they would produce a draft audit completion report for the next IAGC meeting on 8 May 2018 and reported that they had a good working relationship and an awareness from previous meetings to enable them to provide sufficient assurance of effective financial reporting for 2017-2018.

#### 4. **Draft Remuneration and Staff Report**

The Deputy Chief Finance Officer presented this report for review which contained information which would form part of the Annual Report.

##### Table 1

The highlighted rows related to where pension information was awaited for some individuals.

It was reported that the only difference to the information this year was that the salary element for Emma Latimer and Emma Sayner only related to NHS Hull CCG's share of the costs, their respective total salary bandings were reported.

Table 2 – this was a comparator from the previous year

##### Table 3

This showed information from the Pensions Authority and had not been split for Emma Latimer and Emma Sayner.

There was no comparator for pensions.

#### 5. **DRAFT ANNUAL GOVERNANCE STATEMENT**

The Associate Director of Corporate Affairs presented the draft Annual Governance Statement (AGS) for review and comment. Members were advised that the template for the document had been issued by NHS England (NHSE) and followed a similar pattern to last year's AGS and it was noted that a small number of sections had been highlighted which were awaiting final confirmation, i.e. Third Party Assurance and Head of Internal Audit Opinion.

The following areas were highlighted:

##### **Introduction and context** (standard wording)

- As at 1 April **2018**, the CCG is not subject to any directions from NHS England issued under Section 14Z21 of the National Health Service Act 2006.

##### **Scope of responsibility** (standard wording)

##### **Governance arrangements and effectiveness**

This section described the main role of the governing body, constitution arrangements in place, scheme of delegation etc. and also described the role of the IAGC and the Programme Delivery Board.

## **Membership, Attendance and Activity Summary for Council of Members, Governing Body and their Committees**

This section provided details of attendance at meetings and key highlights of each committee, Council of Members and governing body.

In regard to attendance at Quality and Performance Committee meetings – the Chair queried whether one meeting had not been inquorate – the Associate Director of Corporate Affairs agreed to check this out.

## **UK Corporate Governance Code**

The Associate Director of Corporate Affairs advised that the CCG was a statutory organisation and was not therefore required to report on compliance with the fifth main principle of the Code - relations with shareholders; however how we have discharged our responsibilities with regards to our members and the general public. which had been set out within the Annual Governance Statement and our Annual Report and Accounts.

## **Discharge of Statutory Functions**

This section made reference to the 1983 Harris Review and confirmed that there was a clear allocation of roles and responsibilities.

## **Risk management arrangements and effectiveness**

This section had been drawn from the Risk Management Strategy which had been reviewed and updated in February and agreed at the March IAGC meeting. Reference had been made to the CCG's Equality Impact Assessment and process of engagement.

## **Capacity to Handle Risk**

The Board Assurance Framework, which had been subject to regular review, provided a high degree of confidence.

## **Risk Assessment**

This section related to the management of key risks to the CCG and showed how two extreme risks had their ratings lowered in-year through mitigating actions. By the end of 2017/18 the CCG had three extreme risks and sixteen high risks within its Corporate Risk Register and the extreme rated risks had been detailed.

## **Other sources of assurance**

### *Internal Control Framework*

An Annual Audit of Conflicts of Interest Management had found the CCG to be fully compliant in 24 out of 25 criteria assessed.

### *Data Quality*

The Information Governance Toolkit assessment had been submitted ahead of deadline, against which the CCG had achieved level 2 compliance

### *Business Critical Models*

The CCG had adopted a range of quality assurance systems to mitigate business risks

### *Third Party Assurance*

A number of assurances from external organisations were awaited. EMBED had provided an assurance report relating to their financial functions which provided a degree of assurance that adequate processes were in place.

### **Review of economy, efficiency and effectiveness of the use of resources.**

The CCG had been rated as outstanding for the Quality of Leadership indicator of the CCG Improvement and Assessment Framework 2017/18.

### **Counter fraud arrangements**

The CCG had been subject to an NHS Counter Fraud Authority quality assurance inspection during the year (the Associate Director of Corporate Affairs would update the AGS accordingly)

### **Head of Internal Audit Opinion**

This was standard wording which would be subject to update in terms of outstanding audits. Assurance had been provided by Internal Audit that these would be completed in time.

In relation to Committee Arrangements – Internal Audit would be facilitating committee effectiveness reviews.

### **Conclusion**

This was standard wording and, with the exception of the internal control issues already outlined, confirmed that the CCG overall had a sound system of internal control.

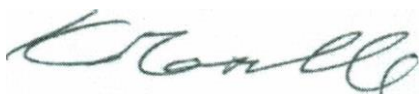
The amendments would be made to the AGS and a final document would be brought to the next IAGC meeting.

## **6. DATE AND TIME OF NEXT MEETING**

The next full meeting of the IAGC would be held on **Tuesday 8 May 2018**, at 9.00am in the Boardroom at Wilberforce Court.

There would be an extraordinary IAGC meeting on **Thursday 24 May 2018** at 1.00pm to review the audited accounts

Signed:



Chair of the Integrated Audit and Governance Committee

Date: 14 May 2018

## **Abbreviations**

ASM	Audit Strategy Memorandum
BAF	Board Assurance Framework
BCF	Better Care Fund
CHC	Continuing Healthcare
Col	Conflicts of Interest
CYP	Children and Young People
DoLS	Deprivation of Liberty Safeguard
EPRR/BCM	Emergency Preparedness Resilience and Response Business Continuity Management
FoI	Freedom of Information
GDPR	General Data Protection Regulation
HEYHT	Hull and East Yorkshire Hospitals Trust
HS&SG	Health, Safety and Security Group
ICOB	Integrated Commissioning Officers Board
IFP	Integrated Financial Plan
IFR	Individual Funding Requests
LAC	Looked After Children
LCFS	Local Counter Fraud Specialist
LSMS	Local Security Management Specialist
LWAB	Local Workforce Advisory Board
MH & LD	Mental Health and Learning Disabilities
MoU	Memorandum of Understanding
NECS	North of England Commissioning Support
NFI	National Fraud Initiative
NHS-CHC	NHS Continuing Healthcare
PBR	Payment by Results
PCCC	Primary Care Commissioning Committee
PHB	Personal Health Budget
PPD	Prescription Pricing Division
QIPP	Quality Innovation Productivity and Prevention
SEND	Special Educational Needs and Disability
SI	Serious Incident
SOPs	Standard Operating Procedures
STP	Sustainability and Transformation Plan
SRT	Self Review Tool
TCP	Transforming Care Programme
ToR	Terms of Reference
VfM	Value for Money