

**INTEGRATED AUDIT AND GOVERNANCE COMMITTEE**

**MINUTES OF THE EXTRAORDINARY MEETING HELD ON 21 APRIL 2020  
at 2.00pm via video-conferencing call**

**PRESENT:**

K Marshall, NHS Hull CCG (Lay Member) (Chair)  
J Stamp, NHS Hull CCG (Lay Member)  
I Goode, NHS Hull CCG (Lay Member)

**IN ATTENDANCE:**

P Heaford, NHS Hull CCG (Personal Assistant) - *Minute Taker*  
M Kirkham, Mazars LPP (External Audit)  
S Milner, NHS Hull CCG (Senior Finance Manager)  
M Napier, NHS Hull CCG (Associate Director of Corporate Affairs)  
E Sayner, NHS Hull CCG (Chief Finance Officer) (*attended up to item 8.4*)  
R Walker, Mazars LPP (External Audit)

**1. APOLOGIES FOR ABSENCE**

Apologies for absence had been received from:  
D Storr, NHS Hull CCG (Deputy Chief Finance Officer)

The Chief Finance Officer wished to convey her sincere thanks to the team who had worked incredibly hard over the past few weeks to produce a finalised and timely set of accounts. Some minor issues would need to be worked through, but to be in a position, under the current circumstances, of being able to review the draft accounts in this format was a massive achievement and testament to the team.

**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;

Name	Agenda No	Nature of Interest and Action Taken
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## Resolved

(a)	No declarations of interest were made.
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## 2. DRAFT ANNUAL ACCOUNTS 2019/20

The Senior Finance Manager presented the NHS Hull CCG draft Annual Accounts for 2019/20.

IAGC Members would be taken through the accounts in detail page by page, and any specific questions and points of clarification would be picked up along the way.

The following significant movements and points of note were highlighted:

### Contents Page

Losses and special payments had been highlighted as a note would need to be included in the Annual Report stating that the CCG hadn't had any

### Statement of Comprehensive Net Expenditure

The detail of this section would be expanded in future notes 2-5.

### Statement of Financial Position

The detail of this section would be expanded in future notes 8-11.

### Statement of Changes in Taxpayers Equity

This section related to the movement from last year to this year.

### Statement of Cash Flows

The CCG had reported a final cash balance of £6k in the bank at 31 March 2020.

### Notes to the Financial Statements

The accounting policies were largely standard from last year.

The section relating to Provisions had been highlighted as the CCG didn't have any provisions, clarity would be sought as to whether this note would need to be left in or could be taken out. The Chief Finance Officer stated that the CCG usually removed notes that were not required. Rob Walker concurred that this was usually the practice but would check to see whether there were any consistent policies being adopted across the whole of the NHS.

A minor formatting error was noted on 1.10.1 which would be corrected.

### Other Operating Revenue

The values for this section were not too dissimilar from last year and the following notes had been added where there were changes:

- Non-patient care services to other bodies - £529k had been received from NHS England for cyber security within Primary Care IT and income from prescribing recharges that went directly from BSA
- This related to recoveries in respect of employee benefits for staff on secondment and shared posts
- Humber Coast & Vale Health & Care Partnerships (£282k lower than 18/19 due to less recharges) but there had been some extra income for Primary Care IT and NHS England Specialist Doctor funding.

### **Disaggregation of Income – Income from sale of goods and services (contracts)**

This had been split out between NHS and Non NHS and to recognise that the full revenue for the year was at a point in time.

### **Employee Benefits and staff numbers**

There had been an increase from last year, however there had been an increase in staffing numbers to match with this.

### **Average Number of People Employed**

There had been an increase from 69 people employed by the CCG last year to 79 people this year.

There had been no redundancy payments or exit packages paid this year, the note had been kept in which referred to one which had been made last year.

### **Pension Costs**

The employer contribution rate for NHS Pensions had increased from 14.3% to 20.6%, with the additional amount being paid by NHS England on the CCG's behalf. Last year employers' contributions were £424,527 and this year the CCG were declaring £675,018.

### **Operating Expenses**

Explanatory notes had been provided for all the major movements as follows:

Note 1 - the reduction related to Humber Coast and Vale Health & Care Partnership allocations passed through to other organisations being higher in 18/19.

Note 2 – related to increased expenditure with Humber Teaching NHS Foundation Trust on Mental Health and Community Services.

Note 3 – related to the spend on NHS Trusts which was mainly the acute contract with Hull University Teaching Hospitals NHS Trust

Note 4 – related to increased contract values with City Healthcare Partnership on community care which included a lot of the care homes through continuing healthcare and there had also been a shift in property costs

Note 5 – related to increased expenditure for GP contracts which was made up of standard uplift plus payments towards primary care networks.

Note 6 – related to increased expenditure on GP Forward View Schemes and Humber Coast and Vale Health & Care Partnership Schemes. This cost would be double-checked to make sure that it didn't fall into any of the other categories and had been classified correctly.

Note 7 – related to premises and showed slightly lower, i.e. some of the costs were attributed elsewhere and some credits had been received for bookable space.

Note 8 – Internal Audit fees sat elsewhere within foundation trusts (the cost this year was £47k, compared with £42k last year)

Note 9 – related to Other professional fees – there had been a reduction this year as last year had included some one off costs for developing primary care estates, also HR and financial services had been brought in-house.

Note 10 - related to the table of Other Expenditure – the Chief Finance Officer advised that these costs did not fall into any of the other categories above, most of them had gone through the Senior Leadership Team as they fell within their delegated limit but it was the service and the fact that they didn't fit elsewhere that had driven this.

The Chief Finance Officer stated that the analytical review had not raised any major issues, the increases were all fairly in line with the allocation increase and

investment positions that the CCG had taken. There had also been some re-classification where property costs had been grossed up into healthcare so were now showing within the services line rather than the premises line and was anticipated standard uplift.

### **Better Payment Practice Code**

Performance against target had been 99.36% on NHS Payables and 97.85% on the non-NHS Payables.

### **The Late Payment of Commercial Debts (Interest) Act 1998 (6.2)**

This section had been hidden last year and clarification would be sought whether this could be hidden this year as the CCG did not have anything in here.

### **Operating Leases**

This was a different classification from last year as a new subjective code had been issued for void and subsidies which did not fall under leases and was now allocated elsewhere within the mapping. Clarification would be sought as to whether to do a re-cast of last year to make it in line or include an explanatory note to outline why this was quite different. Rob Walker would check how this was being dealt with locally and would come back with a suggestion.

### **Property, Plant and Equipment**

This referred to the CCGs limited assets which were now down to £15k which related to the refit of floor 3 at Wilberforce Court.

### **Trade and other receivables**

There had not been much movement year on year, the following explanatory notes had been provided for any slight movements:

Note 1 - there had been outstanding invoices last year for NHS England flu vaccines which we hadn't had this year.

Note 2 – the Increase was due to an invoice being raised to Hull City Council for the Social Prescribing grants, rather than it being an accrual as last year

Note 3 – this related to same day payments made on the very last working day – a check would be done to make sure this cost had been matched off elsewhere.

### **Receivables past their due date but not impaired**

This cost was a lot lower than last year – there had been less outstanding this year

### **Cash and cash equivalents**

There had been £6k cash in the bank at 31 March 2020, compared with £4k for last year.

### **Trade and other payables**

The following explanatory notes had been provided for any slight movements:

Note 1 – NHS Payables – this was higher than last year as there had been some outstanding invoices with Hull University Teaching Hospitals Trust which had only been received in March so these had not been paid in March.

Note 2 – the greater number of invoices received had resulted in lower levels of NHS accruals.

Note 3 – non-NHS Payables – less invoices had been received in March

Note 4 - the lower number of invoices received had resulted in higher levels of NHS accruals

Note 5 – this related to the GP solo pensions that we had last year which was a re-classification

The Chief Finance Officer stated that the physical invoices versus accruals were where they needed to be which was reassuring.

### **Contingent Liabilities**

The same note had been added as for last year as no further update had been received with regards to the VAT for the Kier invoices, so therefore the note still stood.

### **Financial Risk Management**

The standard notes stated in this section would be left in.

13.1 - with regard to paragraph 2, it was agreed that this should read “the” NHS clinical commissioning group

13.1.1 – the final sentence did not make sense and would need to be re-written

33.1.3 – the numbering would need to be amended to read “13.1.3”

These were all template issues which would be amended – these amendments to be made would also be shared with NL CCG.

### **Financial Instruments**

This section had been removed last year – clarification would be sought as to whether this needed to be kept in as it didn’t show anything – this would be checked before submission.

**Operating segments** – the disclosure related to “Commissioning of Healthcare Services” which showed that we were one Operating Segment

### **Joint arrangements – interests in joint operations**

A note had been included with regard to the pooled budget with Hull City Council and pooled resources. This had been picked up at the initial review of last year’s draft accounts and amended for the final accounts.

### **Related party transactions**

The standard and person-specific information was noted – this section would need to be checked and formatted.

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

The standard template text would need to be adjusted for this section.

The Chief Finance Officer stated that, in relation to COVID as a going concern question, it had been highlighted in the response that the Audit Chair would be making to Mazars in relation to questions around the legal frameworks, risk and going concern and it was anticipated that there might be some guidance around COVID for this section 17 of the accounts. Mark Kirkham concurred that a standard set of words may be provided for this section for the final statement,

### **Financial Performance Targets**

NHS Hull CCG had achieved all their financial targets.

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 2019/20 would be presented to Integrated Audit and Governance Committee members at an extraordinary meeting on 20 May 2020, prior to submission to the CCG Board on 22 May 2020 for formal sign off.

The Chair expressed her sincere thanks to all those involved in the production of an accurate set of accounts and gave credit to the team for bringing these in on time.

The Chief Finance Officer stated that, not only had the team had the COVID situation to deal with and had been phenomenal with Sarah Milner leading, but had also had to deal with the impact of the absence of a significant member of the team in Danny Storr which had been a double hit for the team in Hull and she wished to express huge thanks to the remaining members of the team for what they had been able to achieve in this period whilst having to work remotely which was a huge credit to them. Both the Chair and Associate Director of Corporate Affairs echoed this sentiment.

Members were provided with a brief update on Danny and were advised that he was progressing really well in his recovery and would be fully supported when he was ready to commence a phased return to work which was expected to be in the next few weeks.

### **3. DRAFT REMUNERATION REPORT**

The Chief Finance Officer presented the Remuneration Report for consideration which contained information which would form part of the Annual Report. Members were advised that this was a fairly standard document but would hold a lot of interest for people when the accounts were published and it was very important that this section was accurate and appropriate. Particular reference was made to the fact that the second column (the expenses payments) had been presented to the nearest £100 as this was explicit on the template.

Explanatory notes had been provided in relation to Emma Latimer, Emma Sayner and Erica Daley's specific roles and salaries which, in order to be fully transparent, included full details of their respective remuneration packages.

IAGC Members had duly considered the contents of the Remuneration Report which would now be moved forward into the final draft for approval and recommendation to the Board.

### **4. DRAFT ANNUAL GOVERNANCE STATEMENT**

The Associate Director of Corporate Affairs presented the draft Annual Governance Statement (AGS) for consideration. Members were advised that, in the absence of any further guidance from NHS England (NHSE), the AGS had been produced on the basis of incorporating all the elements as in previous years and had been updated and amended as necessary. A lot of the document was standard, formalised from NHSE. By means of explanation, members were advised that there was no page numbering on the AGS as it would be slotted into the relevant accountability section of the Annual Report.

The following areas of particular note were highlighted:

### **Governance Statement**

This section comprised of mainly formal and standard language and there were no major changes from previous years. The section provided the context within which the CCG operated and the scope of responsibility for what it was responsible for. As the organisation had evolved, the number of member practices had been revised.

The governance structure chart framework had not made reference to the strategic commissioning board as it had not yet been formalised and was still operating in shadow form.

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

The summaries of each committee were similar to previous years, with highlights of the activity and work undertaken by each committee. The quoracy statement for each committee would be double checked. Terms of reference for each committee were revised annually in July.

A discussion took place in relation to the attendance register of members of committees, which was a requirement of the AGS to provide. It was agreed to look at a more detailed way to record this for future years to better demonstrate the accountability of members. This would be picked up outside of the meeting and in advance of the production of next year's AGS.

### **UK Corporate Governance Code**

This was the same as in previous years in terms of the CCG's position in relation to this code which drove the statutory functions.

### **Discharge of Statutory Functions**

#### **Risk Management arrangements and effectiveness**

This section followed the same format as in previous years where a description is given of the arrangements in place for the CCG.

### **Capacity to Handle Risk**

This section was bespoke to the organisation and described what was undertaken within the year and the controls that were in place from a personnel point of view and governance point of view to maintain appropriate risk management arrangements.

### **Risk Assessment**

This section followed the same methodology as in previous years. To give a perspective of how the CCG had moved with risk in year, a description of extreme rated risks at the start of the year had been provided, along with the controls and assurances that were in place; followed by a description of the extreme rated risks that were in the Corporate risk register at the year end to provide a reasonable reflection of where we were as an organisation. The CCG had reduced the number of extreme risks by the year end. In relation to the pandemic, due to the timing of the current AGS which related to April 2019-March 2020, the Covid related risks had not been reflected in the AGS for the previous 12 months.

### **Other Sources of Assurance**

This was a standard section.

Annual audit of conflicts of interests - this had been updated to reflect this year's assessment where the CCG would hopefully receive substantial assurance, this included a breakdown of the different sections of performance.

#### Data Quality/Information Governance

This was standard wording. There had been no IG related incidents which required escalation or reporting externally which had been confirmed.

#### Business Critical Models

This was similar to previous years – there had been no changes.

#### Third Party Assurances

This had been highlighted as “to be confirmed”, as members were aware this was always a last minute inclusion and the CCG was totally dependent on the assurances being sent in from third parties. To date none of the assurances had been received but this area would be closely monitored. It was noted that East Riding of Yorkshire and North Lincolnshire CCGs were awaiting the same third party assurances and, when received, these would be shared. Nothing had been flagged thus far on in year to suggest that we wouldn't expect full assurances to be confirmed.

#### **Control Issues**

In January the CCG had been required to submit a Month 9 return to NHSE flagging any potential control issues that we felt were unlikely to be resolved by the year end. This section was consistent with the declaration that was made in January, the areas that were flagged which were included here had not recovered. A line had also been included in the introduction to make reference to the Coronavirus pandemic. The areas are where we are assessed where we thought we would not come in on target by the year end, rather than confirmed that we missed the target and those areas were: A&E Waits, RTT and Cancer targets. These areas are regularly picked up at the Board, the Primary Care Commissioning Committee and the Quality and Performance Committee in detail and were consistent with what was reported at Month 9.

#### **Economy, Efficiency and Effectiveness**

##### **Delegation of Functions**

##### **Counter Fraud Arrangements**

This was standard wording and very similar to what we have said in previous years as the circumstances and the controls and measures that we have in place have not changed.

Counter fraud was again similar to previous years and, in discussion with our internal audit service, was consistent to the wording they have recommended to us previously.

#### **Head of Internal Audit Opinion (HoIAO)**

Although the HoIAO had been flagged as “to be confirmed”, the Chief Finance Officer confirmed that she had received the draft HoIAO which she would forward on following the meeting and advised that this was consistent with the verbal report made to the last IAGC meeting which was indicative of an overall “substantial assurance” opinion.

Detail of the audits undertaken in year and the assurance level that had been given were listed which was consistent with internal audits reports provided.



## **Review of the effectiveness of governance, risk management and internal control**

This section was consistent wording with what had been issued in previous years and the overall opinion of the Accountable Officer, with the exception of the issues previously highlighted, was that there was a sound system of control in place within the organisation.

The Chair thanked the Associate Director of Corporate Affairs and all those concerned for pulling all the information together in the current climate that we were all currently working in.

Mark Kirkham sought confirmation that the HoIAO was going to provide an overall opinion which, if not forthcoming, this would need to be reflected in the AGS. The Chief Finance Officer provided assurance that this document had been received and the draft HoIAO would now be included in the AGS.

**Post meeting Note:** *The Chief Finance Officer had sent through the appropriate draft HoIAO which had now been reflected in the updated AGS.*

Rob Walker confirmed that the audit staff had been lined up to start next week and they would complete the work as quickly as possible.

The Chair sought assurance that the accounts would be delivered in line with the timetable, which was provided.

The Associate Director of Corporate Affairs stated that, should we be in a position to submit but still be awaiting third party assurances, in the event that satisfactory third party assurances had been received by the time of the final report a statement to that effect would be included in the AGS.

The Chair thanked everyone and closed the meeting.

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

The next full meeting of the IAGC would be held on **Tuesday 12 May 2020**, at 9.00am via video conference call – the agenda would be reviewed and streamlined to represent where we are with the pandemic. Look at risk slightly differently – risks Covid based.

There would be a further extraordinary IAGC meeting on **Wednesday 20 May 2020** at 1.30pm to review the audited accounts, prior to formal sign off by the CCG Board on 22 May 2020.

Signed:



Chair of the Integrated Audit and Governance Committee

Date: 12 May 2020

## **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