

**INTEGRATED AUDIT AND GOVERNANCE COMMITTEE**

**MINUTES OF THE EXTRAORDINARY MEETING HELD ON 20 MAY 2020  
at 1.30pm 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)  
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)

**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

**Resolved**

(a)	No declarations of interest were made.
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### **3. NHS HULL CCG AUDITED ANNUAL ACCOUNTS 2019/20**

The Chief Finance Officer introduced this item and stated that, from her perspective, the annual accounts process had gone incredibly well. Members were advised that constant contact had been maintained with the Audit Chair and with the external audit team as the audit had been progressing and that this year had been another fantastic result. She went on to advise that, up until the time of final sign off, the work was still technically open, but stated that she was really pleased with what had been achieved and what had been delivered.

Members were advised that no significant changes had been made since the detailed line-by-line review of the draft accounts carried out by the IAGC at its meeting on 21 April 2020 and the Senior Finance Manager drew members' attention to the following three minor changes that had been made to the NHS Hull CCG audited annual accounts 2019/20:

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#### **3. Disaggregation of income**

There had been a switch between NHS and Non-NHS values– the total had remained the same but the split had been amended slightly.

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#### **5. Operating Expenses**

Under Other Services – Audit Expenditure - audit fees for the Mental Health Investment Standard had been separated out

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#### **16. Related Party Transactions**

This section had been amended to include further details for all the payments to the GP practices; further information had been included for Emma Latimer and Emma Sayner and Joy Dodson had been added back in.

It was stated that these were the only changes made to what had been seen previously.

The Chair expressed her thanks to everyone involved and for all the hard work that had gone into the production of the accounts.

The Chair confirmed that the IAGC would formally recommend that the NHS Hull CCG audited annual accounts 2019/20 were adopted and approved by the CCG Board at its meeting on Friday 22 May 2020.

Mark Kirkham expressed a word of caution in relation to one of the procedures that was yet to be carried out which was to compare the CCG's actual prescribing expenditure with the amount that had been estimated. He went onto explain that some CCGs elsewhere had received their March actuals and they were significantly higher than expected which was potentially going to cause issues, both in terms of financial reporting and also in terms of potential audit reports. He advised that, in view of the fact that this procedure elsewhere was having some adverse findings, he would prefer that the CCG were in a better position where they had a closer set of final audit findings before making a recommendation to the Board.

In view of the above issue that had been flagged, the Chief Finance Officer agreed that the IAGC may not be in a position to recommend the Board to formally sign off the accounts on Friday.

It was proposed that the following approach be taken: the CCG Board would be taken through the accounts as they currently existed on Friday 22 May 2020, which would include a caveat with respect to prescribing, and with the clear acknowledgement that they would not be formally signing these off until a later date – IAGC members and external audit colleagues were in agreement with the proposed approach to be adopted

The Chief Finance Officer and the Associate Director of Corporate Affairs would produce a clear mechanism for final sign off to propose to the Board on Friday 22 May 2020.

It was also noted that, in view of the issue that had been flagged, if the need arose the potential to convene a brief extraordinary IAGC meeting would be retained to discuss any issues and in order to provide a recommendation to inform the required Board level sign off.

The Chief Finance Officer queried whether the significant shift in March was likely to be Covid linked and therefore wondered if it would be prudent to raise this with NHSE/NHSI colleagues as, if there was a Covid related impact financially, it could be argued that this was a legitimate call on Covid funding and therefore a mitigation.

Rob Walker advised that, once a finalised position had been reached, an updated letter would be sent, therefore if there was an issue it would be reported to the CCG in writing.

### **Resolved**

(a)	The minor amendments made to the Annual Accounts for 2019/20 were noted;
(b)	The Board would be taken through the audited annual accounts as they currently existed on Friday 22 May 2020 with a caveat with respect to prescribing and an acknowledgement that they would not be formally signing these off until a later date, and
(c)	A clear mechanism for final sign would be produced and proposed to the Board on Friday

#### **4. NHS HULL CCG ANNUAL REPORT 2019/20**

IAGC Members were presented with a Word version of the Annual Report 2019/20.

The Associate Director of Corporate Affairs stated that the annual report followed a familiar format to that previously required. Members were advised that, at the start of the emergency situation being declared nationally, there had been some consideration with regard to the guidance around what was mandated to be included, recognising that there was still transparency and accountability on our part to demonstrate publicly what we have done and how we have done it over the last 12 months, but equally recognising the environment we are working in. The guidance that then subsequently came back made really partial changes to what was required so the collective decision was that the CCG would include the same areas of information as in previous years.

Members were advised that there was nothing of particular to note or exception to highlight in terms of areas where there are specific concerns. Areas where there have been control issues have been highlighted in the Annual Governance Statement.

The IAGC would make a recommendation to the Board that they approve the annual report at it's meeting on 22 May 2020.

**Resolved**

(a)	The contents of the NHS Hull CCG Annual Report 2019/20 were noted, and
(b)	the IAGC would recommend to the CCG Board that they approve the NHS Hull CCG Annual Report 2019/20 on 22 May 2020.

**5. ANNUAL GOVERNANCE STATEMENT (AGS)**

The Associate Director of Corporate Affairs provided an update on the following changes that had been made to the AGS following discussion at the previous meeting.

Under **Control Issues** - further emphasis had been made in relation to the work that the CCG has done during the pandemic outbreak to support flow of cash through the system during this period.

Under **Third Party Assurances** – currently appropriate assurances from Sheffield Teaching Hospitals NHS Foundation Trust (Victoria Payroll Services) and from Capita/Deloitte were still awaited. The assurance with regard to NHS Shared Business Service was a qualified assurance, the reason for this was due to access to NHS SBS India sites being restricted as a result of Covid which had led to the inability to obtain evidence for the months of February 2020 and March 2020. With the exceptions that had been highlighted there were no material concerns with regard to previous months or other aspects of assurance undertaken.

IAGC members had duly considered the AGS which was incorporated within the Annual Report, therefore the IAGC would recommend to the CCG Board that they approve the AGS as part of the Annual Report

**Resolved**

(a)	IAGC members duly considered the changes made to the AGS following discussion at the previous meeting, and
(b)	the IAGC would recommend to the CCG Board that they approve the AGS as part of the NHS Hull CCG Annual Report 2019/20

**6. AUDIT COMPLETION REPORT UPDATE LETTER**

Mark Kirkham presented an update letter on the Audit Completion Report.

Members were reminded that, as stated in the Audit Completion Report which the IAGC considered at its meeting held on 12 May 2020, an update would be provided on the conclusions from the outstanding areas still to be completed; however it was noted from the letter that not all of the procedures had been completed and one of

the significant outstanding areas in terms of the prescribing accrual had been discussed earlier.

Rob Walker stated that, apart from the external factors outlined in the letter, Mazars would normally be in a position to sign off the annual accounts, but they would have to wait to get all the assurances in.

He went on to say that the support that had been provided on site had been excellent throughout the whole process.

The Chair asked if there was any risk if the CCG did not receive all the assurances. Rob Walker stated that external audit reliance on Service Auditor Reports was quite limited, because reliance was placed on the CCG controls and in most areas those controls were in place, and they also had a good knowledge of the CCG control framework which helped in terms of providing assurance; however it would depend on what the reports actually said and a decision could only be made at the point when the risk was known.

The Associate Director of Corporate Affairs advised that this would be kept open for as long as possible on the basis that we were waiting for these reports to come through. If however, in the event that we ended up without the external assurance being available, a commentary would be made in that section confirming the measures of control that the CCG have in place to mitigate any risk that may be caused through the absence of the external assurance.

### **Resolved**

(a)	IAGC members noted the conclusions reached from the matters marked as outstanding in the Audit Completion Report, and
(b)	IAGC members noted the areas still outstanding; namely prescribing accrual and external assurance

#### **7. DRAFT HULL CCG LETTER OF REPRESENTATION AUDIT 2019-20**

The Chief Finance Officer advised that the letter of representation was self-explanatory and formed part of the usual close down procedure.

#### **8. FINANCE AND CONTRACT UPDATE IN RELATION TO COVID 19**

The Chief Finance Officer advised members that the guidance around the temporary financial regime had only been issued very recently and this would need to be fully considered and implemented; therefore she proposed that she would produce something more substantive for the next full IAGC meeting; however should the situation change in the interim, a virtual meeting may need to be convened in order that IAGC members were kept fully sighted on things in a timely fashion.

The Chief Finance Officer gave a presentation to provide members with an update on the Covid response within the CCG and the following main points were highlighted:

#### **Initial issues and response:**

The overriding requirements of the CCG were:

- To be able to capture documentation and justify any additional expenditure

- To make sure money wasn't a barrier to people being able to respond, within a framework that was appropriate and wasn't subject to abuse or fraud
- To make payments on account to organisations to ensure that costs and services were protected – this was carried out within parameters that could be justified and evidenced
- To freeze the contract negotiation process and the operational planning position that we were in for 2020/21 and beyond, with which the CCG had complied.
- The approach was about getting cash into the system
- There was an acknowledgement that what was Covid and non Covid expenditure was likely to get blurred – the CCG had developed an approach to this that was equitable and fair for providers
- There was a push to close down the financial years for 2019/20 as efficiently and timely as possible – this had been achieved for Hull CCG
- Payment on account was being processed to organisations to cover COVID cost
- The CCG had been instructed to make significant “cash dumps” into the system
- Block arrangements were in place until at least 31 July and it was anticipated that these could continue until the end of October
- Covid claims were being made on a monthly basis by all organisations and the Chief Finance Officer advised that there had been some cross checking between all four Humber CCGs as claims were being submitted to get a sense check that all were broadly in line with each other.
- CCG allocations had been adjusted in 2019/20 for the COVID cost incurred in March

The Chief Finance Officer provided assurance that the CCG had robust arrangements in place to understand the appropriateness of claims

### **Current Position**

- The temporary Financial Regime, which had been shared late on 15 May 2020, outlined the approach to how the CCG would handle both its ledger and the reporting for the first period of the financial year in 2020/21 and how allocations and budgets would be handled within those first few months.
- There was an anticipation that budgets would be uploaded shortly.
- In terms of the national model, there had been a reference as to how CCG allocations were going to be considered and worked through and the impact of this would need to be modelled.
- There was a process for calculating and managing CCG allocations for the period
- Understanding the I&E impact of block transfer values and block purchased IS activity

### **Phase 2**

- The Covid claims process was being tightened up – but this was largely consistent with the approach the CCG had been taking and the Chief Finance Officer provided assurance that the CCG would continue to be compliant with the lines of guidance.
- Not anticipating there being a huge issue around financial risk linked to the next phase.
- The CCG would continue to stay alert to the local position, being aware that there were differential rates of impact with the pandemic across the country
- There was a need to ensure that mechanisms for drawing down legitimate additional resources were maintained.

- The cash drawdown process had been running in parallel to the cost and reclaim process, therefore no issues were being anticipated for the CCG in relation to liquidity and cash at this stage in the year.

The Chief Finance Officer advised that she would cover this area in more detail at the IAGC meeting in July and updates on any additional information received would be provided in the interim.

The Chair thanked everyone for a successful year.

**9. DATE AND TIME OF NEXT MEETING:**

The next full meeting of the IAGC will be held on **Tuesday 7 July 2020**, at 9.00am

Signed:



Chair of the Integrated Audit and Governance Committee

Date: 7 July 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