

OXFORDSHIRE CLINICAL COMMISSIONING GROUP BOARD

Date of Meeting: 30 July 2020	Paper No: 20/37a
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Title of Paper: Audit Committee Minutes of 27 May and 18 June 2020

Paper is for: (please delete tick as appropriate)	<input checked="" type="checkbox"/> Discussion	<input type="checkbox"/>	<input type="checkbox"/> Decision	<input type="checkbox"/>	<input checked="" type="checkbox"/> Information	<input checked="" type="checkbox"/>
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Conflicts of Interest (please delete tick as appropriate)
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No conflict identified	<input checked="" type="checkbox"/>
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Purpose and Executive Summary:

This summary is intended to provide Board Members with an understanding of the Minutes of the Audit Committee Meeting and to invite comment.

Review of Annual Report and Accounts 2019/20

Both Meetings were held primarily to review the final preparation of the Annual Report and Accounts and supporting documentation. Following the Audit Committee Meeting on 27 May the Committee verbally recommended to the Board at its Meeting on 9 June that the then-draft Report and Accounts be accepted by the Board subject to a final review by the Audit Committee on 18 June and subsequent sign-off of relevant documents by the CEO, CFO and Audit Chair.

In support of its final review, and in reaching its final approval, the Committee considered:

Self-Assessment Reports (SARs) from third parties. The SARs for South, Central and West Commissioning Support Unit (SCW CSU), NHS Shared Business Services (SBS) and NHS Digital are all qualified primarily indicating that Covid -19 impacted on their ability to evidence compliance in the last 2 months of the year. The SAR for Capita (Primary Care services) was not immediately available due to delays caused by the pandemic.

Financial Control and Governance Assessment. The Committee reviewed a draft and considered (subject to amendments) it reflected a realistic assessment of the governance arrangements and financial controls in place within the CCG at Q4 2019-20. Looking ahead to the assessment for Q1 2020/21, BOB level assurance should be sought on the ability of the BOB CCGs to deliver on their statutory responsibilities while engaging in organisational transformational changes and the move towards a single management team.

External Audit Annual Results Report Ernst & Young presented the external audit report to the Committee. The majority of testing was substantially completed. As a result of Covid, all EY audit opinions were subject to internal consultation within EY to ensure opinions are consistent. There were no significant findings nor anticipated issues to report.

Annual Internal Audit Report RSM UK presented a positive audit opinion in relation to the overall adequacy and effectiveness of OCCG's risk management, control, and governance processes. There were no issues that are required to be reflected in the annual governance statement.

Local Counter Fraud Specialist (LCFS) Annual Report 2019/20 In the Report, OCCG was given a positive green rating for compliance against all areas of the NHS Counter Fraud Authority Standards.

OCCG Annual Report Update The draft report has been agreed at the 9th June OCCG Board meeting. New revisions in the document were made to the sections on counter-fraud, information on Child and Adolescent Mental Health Services (CAMHS), diabetes services and BME groups. Additional disclosures of interests have been included in this version.

Comparison of CCG Covid-19 Related Claims and Reimbursement Figures
EY flagged that as a result of the nature of the Covid regime, the claims submitted are an area of additional risk as part of the audit. Additional testing has taken place around Covid claims and management override permissions in terms of authorising claims. OCCG was benchmarked against NHS England data on capital and revenue claims. Its total revenue claim was c£773k as reported in the annual accounts and equivalent to £1 per head of population and was not an outlier against comparators.

Engagement: clinical, stakeholder and public/patient: Not Applicable

Financial Implications of Paper: None

Action Required: None

OCCG Priorities Supported Not Applicable

Equality Analysis Outcome: Not Applicable

Link to Risk: Audit Committee is responsible to the Board (in conjunction with the Finance and Quality Committees) for reviewing the risks relating to the business and activities of the OCCG and ensuring the levels of risk and mitigations of those risks are appropriate and are properly recorded in the Risk Register of the OCCG.

Author: Roger Dickinson, Chair of Audit Committee

Clinical / Executive Lead: Roger Dickinson, Chair of Audit Committee

Date of Paper: 10 July 2020

MINUTES:

OXFORDSHIRE CLINICAL COMMISSIONING GROUP AUDIT COMMITTEE

27 May 2020

Held via MS Teams

Present:	Roger Dickinson (RD), Lay Vice Chair	Duncan Smith (DS), Lay Member for Finance
	Gareth Kenworthy (GK), Director of Finance, OCCG	Jenny Simpson (JS), Deputy Director of Finance
In attendance:	Adrian Balmer (AB), Manager, Ernst & Young	Janet Dawson (JD), Executive Director, Ernst & Young
	Liz Wright (LW), Internal Audit (RSM UK)	
Apologies	Catherine Mountford (CM), Director of Governance	Erin Sims (ES) – Internal Audit – Counter Fraud (RSM UK)

		Action
	Declarations of Interest / Quorum The meeting was declared quorate and no declarations of interest were made.	
Matters Arising		
1.	Action Tracker The action tracker was reviewed and updated.	
Financial Matters		
2.	Final Review of Statutory Accounts JS presented an update on the statutory accounts presented in draft at the April Audit Committee meeting. A number of minor changes have been agreed to the wording since the draft submission and some changes to the format are as follows: <ul style="list-style-type: none"> • The statement of changes in Taxpayers Equity SOCITE – Further simplification of disclosure has been made, including removal of the 'Adjustments' line. • Accounting Policies – Note 1 – various changes, including simplification of Note 1.6 to combine references to main sources of revenue, removal of references in Note 1.9.4 to intangible assets of which the CCG has none, and correction to dates in Note 1.21 to reflect changed timing for implementation of IFRS 16. • Addition of further comparator figures in various disclosures 	

	<p>The Committee were asked to consider whether there were any further disclosures that should be made in relation to Going Concern or post balance sheet events in the light of Covid-19. These items outstanding and will be covered when the reports are received from Ernst & Young (E&Y). NHSE had issued further guidance on Going Concern earlier in the day but it had not yet been reviewed by E&Y.</p> <p>The Committee noted the national deadline for final accounts as the 25th June and agreed OCCG would aim for completion by the 18th June.</p> <p>The Committee agreed to recommend the final accounts to OCCG Board.</p>	
3.	<p>Final Review of OCCG Annual Report and Annual Governance Statement</p> <p>RD reported the latest draft of the report has been received and comments have been returned and incorporated. JS fed back that there are some remaining financial details to be input into the report and that these are all available now.</p> <p>The Committee confirmed approval of the report based on the submitted paper. Further updates are to be circulated to the members of the Audit Committee before the 9th June.</p>	
4.	<p>Final Review of Financial Controls and Governance Assessment</p> <p>The Committee agreed for the above item to be suspended until the 18th June Audit Committee.</p> <p>Action: WJ to make amendments on the workplan for 'Final Review of Financial Control and Governance Assessment' to come to the 18th June Audit Committee.</p>	(20.19) WJ
Audit Matters		
5.	<p>Audit Plan Addendum & Results Report 2019/20 E&Y</p> <p>JD explained the external audit results report cannot be presented in this meeting as the audit is still underway. The report will be covered at the next Audit Committee in June.</p> <p>Action: WJ to amend the workplan for the 'E&Y External Audit Results Report to come to the 18th June Audit Committee.</p> <p>JD presented the updated audit plan addendum report to reflect the changes in risks identified in the current year. The report incorporates the impact of Covid-19 on the scope of work.</p> <p>In terms of risks of fraud and expenditure, testing has been extended around journals associated with Covid-19 expenditure to</p>	(20.20) WJ

	<p>reduce the risk of manipulation of judgemental expenditure and income accruals and/or misclassification of Covid-19 expenditure.</p> <p>E&Y are reviewing how disclosures in relation to Going Concern and post balance sheet events are disclosed within the accounts.</p> <p>The work on IFRS-16 leases has been paused and removed from the scope of work section in the report as a result of its delayed implementation.</p> <p>E&Y materiality levels have been reviewed and no changes are proposed.</p> <p>JD reported NHSE/I have circulated guidance around assumptions on spending due to the current Covid-19 arrangements in place. E&Y will meet with JS to explore the impact of this. The guidance had been shared with the Finance Committee</p> <p>AB reported the majority of substantive testing will be completed by the 29th May. A first cut of the agreement of balances has been received this week with nothing significant to report at this stage.</p> <p>E&Y will meet with JS on the week commencing 1st June to review progress and agree next steps for external audit.</p> <p>Committee members agreed that although there are some delays caused by the nature of the new pandemic-related working arrangements, work has progressed at a good pace and delays have been largely mitigated using MS Teams as a method of maintaining communications.</p> <p>GK reported NHSE has published claims and reimbursement figures for all NHS organisations. This information will be presented back at the next Audit Committee meeting as a means of comparison against other CCG's.</p> <p>Action: WJ to include 'Comparison of CCG Covid-19 related Claims and Reimbursement Figures' to the June Audit Committee agenda. GK to provide and present the paper.</p>	(20.21) WJ
6.	<p>Annual Internal Audit Report RSM UK</p> <p>LW presented the annual internal audit opinion to the Committee. OCCG has received a positive audit opinion in relation to the overall adequacy and effectiveness of OCCG's risk management, control and governance processes. There were no issues that are required to be reflected in the annual governance statement.</p> <p>LW fed back in relation to the 20/21 audit plan, RSM UK are agreeing work with OCCG for finance governance to review the robustness of controls and how they have changed over the period. The work is</p>	

	<p>planned to take place in July 2020.</p> <p>Action: LW will bring an update to the 20/21 RSM UK audit plan to the June Audit Committee. WJ to add to the agenda.</p>	(20.22) LW/WJ
7.	<p>Local Counter Fraud Specialist (LCFS) Annual Report 2019/20</p> <p>LW presented the Local Counter Fraud Specialist annual report to the Committee. OCCG has been given a positive green rating for compliance against all areas of the NHS Counter Fraud Authority Standards using the Self-Review Tool (SRT).</p> <p>JS highlighted the progress that had been made regarding Standard 1.8 (Review of provider CF arrangements) and that the Governance team were making significant progress against Standard 1.4 (Fraud Risk assessment). The latter would be reflected in the SRT (Self Review Tool) results for 2020-21.</p> <p>The action plan included in the report sets out the remaining issues to be addressed and RSM UK will continue to work closely with OCCG to address further control gaps.</p> <p>The Committee noted the report.</p>	
General Audit Matters		
8.	<p>Audit Committee Annual Report</p> <p>The Audit Committee Annual Report was brought to this meeting for noting the changes made since the draft report was presented at the April meeting.</p> <p>The Committee noted the report and changes made.</p>	
9.	<p>Audit Committee Self-Assessment Report</p> <p>RD noted there is a high degree of consistency in the responses included in the self-assessment report.</p> <p>RD reported following discussion with James Kent, ICS Lead, that the concept of linking performance monitoring of contracts within the Quality Committee remit should re-considered for the new single organisational structure.</p> <p>JS queried whether Audit Committee members other than the lay members should complete the self-assessment. RD agreed the suggestion would be taken on board for future assessments.</p> <p>The Committee noted the report.</p>	

10.	<p>Review of the Audit Committee Work Plan</p> <p>The work plan was reviewed and agreed by the Audit Committee members.</p>	
AOB		
11.	<p>Any Other Business</p> <p>JS reported a review of controls used by auditors could be circulated as evidence of the control environment. DS requested the documents to be circulated if they raise an issue of material concern.</p> <p>Action: JS to review the service auditor reports on control audits and circulate to the Audit Committee members if there are material issues of concern for the June meeting.</p>	(20.23) JS
12.	<p>Date of Next Meeting: 18th June 2020, 10:00 – 13:00</p>	

MINUTES:

OXFORDSHIRE CLINICAL COMMISSIONING GROUP AUDIT COMMITTEE

18 June 2020

Held via MS Teams

Present:	Roger Dickinson (RD), Lay Vice Chair	Duncan Smith (DS), Lay Member for Finance
	Gareth Kenworthy (GK), Director of Finance	Catherine Mountford (CM), Director of Governance
	Jenny Simpson (JS), Deputy Director of Finance	
In attendance:	Adrian Balmer (AB), Manager, Ernst & Young	Janet Dawson (JD), Executive Director, Ernst & Young
	Liz Wright (LW), Internal Audit (RSM UK)	
Apologies	None	

		Action
1.	Declarations of Interest / Quorum The meeting was declared quorate and no declarations of interest were made.	
Minutes and Matters Arising		
2.	Matters Arising and Action Tracker The action tracker was read and updated. See action tracker for full list of updates.	
3.	Minutes of the Meeting held on 27th May 2020 The minutes were electronically approved in between meetings as an accurate record of discussions that took place.	
Governance and Risk		
4.	Minutes of Quality Meetings It was confirmed that CM had spoken to Sula Wiltshire and RD/DS with Louise Wallace about the required level of detail included in Quality Committee minutes. It was agreed that Louise Wallace and Sula Wiltshire should determine the expected level of detail to be captured. Action: CM and RD to prompt Sula Wiltshire and Louise Wallace to agree the expected level of detail to be captured within the Quality Committee minutes. The Committee noted the Quality Committee minutes circulated for this meeting.	(20.24) CM/RD

5.	<p>Minutes of Executive Committee's</p> <p>No additional comments. The Committee noted the minutes of the Executive Committee meetings circulated.</p>	
6.	<p>Updates on the OCCG Risk Register</p> <p>CM highlighted the suggestion of a new risk around restoration and recovery to be added following a Directors Risk Review meeting. The additional proposed risk is: '<i>There is a risk that the CCG/Oxfordshire will not be able to maximise the opportunities from restoration and recovery which will lead to less than optimal service delivery for patients and residents.</i>' Further details of the proposed risk are included on the front sheet of the papers circulated for this item.</p> <p>In relation to Risk AF29, GK reported that there will be a full upgrade of the network capacity across Oxfordshire which will assist in resolving issues such as network outages and bandwidth constraints experienced at Jubilee House. The network upgrade has been delayed by the Covid pandemic and an updated timeline is required.</p> <p>Action: GK to link in with Cecile Coignet to update on the revised timeline for the network upgrade in light of the Covid pandemic.</p> <p>RD requested for the risk register to be updated in relation to Risk AF30. GK reported a single care record is not yet in place across Oxfordshire, however progress is being made. The Covid response has prompted work at pace to incorporate primary care data into the Cerner system in line with information governance guidance. The next sets of data to be included in the shared record will include out of hours data from Oxford Health, as well as community mental health and social care data from neighbouring providers.</p> <p>Action: GK to update the actions and provide an updated timeline for risk AF30 on the risk register.</p> <p>In relation to the Covid-19 High Risks paper, DS requested further assurance around care homes, mental health services and details of waiting lists. DS suggested this could come as a regular report to Quality Committee. It was also noted that mitigations should be reviewed to ensure they were mitigations and not just a description of the current position.</p> <p>Action: CM to ask Quality Committee to ensure that a more detailed review of care homes and mental health services is included in reports.</p> <p>Action: CM to ask all risk owners to review the detail of their risk entries with a particular focus on mitigations, controls and assurances.</p> <p>DS queried where the risk of a second spike in Covid cases should be captured within the risk register.</p>	<p>(20.25) GK/CCo</p> <p>(20.26) GK</p> <p>(20.27) CM</p> <p>(20.28) CM</p>

	<p>Action: CM to agree with Sula Wiltshire where the risk of a second spike on Covid cases should feature in the risk register.</p> <p>The Committee noted the risk register and the proposed additional risk on restoration and recovery to be monitored.</p>	(20.29) CM/SW
Financial Matters		
7.	<p>Review of Contract Management Assurances</p> <p>GK reported this item is to be deferred to the next meeting in October 2020. A draft report was received in February and is due to be finalised shortly.</p> <p>Action: WJ to include 'Review of Contract Management Assurances – action tracker item 20.18' to the October Audit Committee.</p>	(20.30) WJ
8.	<p>Final Review of Financial Control and Governance Assessment</p> <p>JS presented the final review of financial controls and governance assessment to the Committee. The Committee was asked to review the draft assessment and consider whether it reflects a realistic assessment of the governance arrangements and financial controls in place within the CCG at Q4 2019-20. The Committee was also asked to consider the new issues arising from the Covid pandemic and to look ahead to the assessment for Q1 2020-21.</p> <p>In relation to Q27 on the report DS advised that it is evidenced that the CCG has a positive relationship with its' key stakeholders by the various examples of effective joint working. The Committee members agreed that the assessment for Q27 should remain as partial and to state there is no evidence of negative relationships between key stakeholders.</p> <p>In relation to Q73, DS suggested that James Kent, Accountable Officer and BOB ICS Lead should be consulted for assurance going forward on the ability of the BOB CCGs to deliver on their statutory responsibilities while engaging in organisational transformational changes and the move towards a single management team.</p> <p>The Committee agreed that a positive response could be provided for Q73, stating that there is no evidence to suggest a negative response should be provided.</p> <p>In relation to Q72, RD commented that the drafted response does not fully meet the assessment criteria. CM suggested addition of a line to state 'OCCG recognises there is high turnover rate of staff, however there has been no significant change in turnover rate in the lifetime of the CCG. The turnover is a reflection of the local job market'.</p> <p>Action: JS to amend the response to Q72 to include CM's proposed amendment as above.</p>	(20.31) JS

	The Committee approved the paper subject to the amendments discussed above.	
9.	<p>Update on Statutory Accounts</p> <p>JS presented the updated Annual Statutory Accounts for consideration of the Committee and approval for inclusion into the final accounts.</p> <p>Further to discussion at the last Committee, additions are proposed to the Going Concern assessment. The latest draft was circulated with the Committee papers for review and is not yet incorporated within the draft accounts. The draft has been sent to Ernst & Young as external auditors for review.</p> <p>The revised national deadline for submission of the Annual Report and Accounts is 25 June. The audit is currently not fully complete and delegated arrangements are in place to authorise any changes required between the date of the Audit Committee and the planned submission date.</p> <p>JS requested the Committee note that:</p> <ul style="list-style-type: none"> • The Self-Assessment Report (SAR) for Capita (Primary Care services) is not yet available due to delays caused by the Covid pandemic. The deadline is 19 June and there are no anticipated issues. • The SARs for South, Central and West Commissioning Support Unit (SCW CSU), NHS Shared Business Services (SBS) and NHS Digital are all qualified with both SCW CSU and SBS indicating that Covid -19 impacted on their ability to evidence compliance in the last 2 months of the year. • SCW CSU had 5 controls not operating effectively in relation to payroll and NHS Digital had 1 in relation to approval for system changes. • SCW CSU has committed to provide an action plan re the controls that are not operating effectively. <p>JS highlighted an issue in terms of sign-off of the annual statutory accounts. NHSE have advised that the submission cannot be made before 23 June. Due to the current working arrangements in light of Covid, all documents will require to be signed off via e-mail approval and electronic signatures. The Committee agreed that prompt receipt, review and approvals on the 23 and 24 June will be required from all those who are signing in order to meet the deadline of the 25 June.</p> <p>The Committee noted the circulated SAR reports and await the outstanding Capita SAR. The Committee approved the accounts and arrangements of the final sign off on the 23 and 24 June.</p>	
10.	<p>Use of Single Tender Action Waiver</p> <p>The Committee noted the contents of the Single Tender Action Waiver report.</p>	

11.	<p>Minutes of the Finance Committee</p> <p>The Committee noted the minutes from the Finance Committee meetings.</p> <p>DS highlighted two areas of concern regarding prescription practices that were being investigated by the internal auditors.</p> <p>Action: LW to speak to ES to discuss the issues around prescribing and confirm the appropriate response. An update to follow at the next meeting.</p>	(20.32) LW
12.	<p>Comparison of CCG Covid-19 Related Claims and Reimbursement Figures</p> <p>GK reported Ernst & Young have flagged that as a result of the Covid regime and the nature of Covid related claims, the claims submitted are an area of additional risk as part of the audit. Additional testing has taken place around Covid claims and management override permissions in terms of authorising claims. NHS England has published a list of capital and revenue claims and GK has benchmarked OCCG against the figures.</p> <p>The paper circulated for this item shows that OCCG's total revenue claim was c£773k as reported in the annual accounts and equivalent to £1 per head of the population. OCCG is not an outlier in terms of claims against comparators. GK suggested the report could be refreshed to be presented on a regular basis if required.</p> <p>The Committee members noted the information provided in the paper.</p>	
Audit Matters		
13.	<p>Internal Audit In-Year Progress Report and Audit Plan</p> <p>LW presented the internal audit plan for 2019-2022. LW highlighted an additional area of work around Financial Governance arrangements to consider how financial controls may have changed in the recent period and to provide assurance on their operation. LW suggested repurposing the data quality review to include contract management.</p> <p>DS queried if the internal audit scope could include the framework presented at Quality Committee around review of key areas of concern.</p> <p>Action: DS requested CM to review the framework presented at Quality Committee on review of key areas of concern and to consider if it is possible to include in the scope of the internal audit plan.</p> <p>The Committee agreed the RSM UK internal audit plan as set out in the paper provided.</p>	(20.33) CM
14.	<p>External Audit Annual Results Report</p> <p>AB presented the external audit report for Ernst & Young to the Committee and highlighted the outstanding matters as set out on page</p>	

	<p>43 of the report. The majority of testing is substantially completed and is due to enter final review. As a result of Covid, all Ernst & Young audit opinions will be subject to internal consultation to ensure opinions are consistent. There are no significant findings to report. The final reviews of financial accounts are taking place today and there are no anticipated issues.</p> <p>AB reported an update to the risk assessment is set out on page 4 of the report to reflect the impact of Covid and to reflect the updated audit plan presented at the May Audit Committee.</p> <p>The Committee noted the positive outcome of the Ernst & Young external audit and confirmed approval of the drafted management letter of representation. The final version of the letter will be signed alongside the annual statutory accounts on 23 and 24 June.</p> <p>On behalf of the Audit Committee members, RD thanked all parties involved in the work undertaken to agree a positive result in terms of internal and external audits.</p>	
15.	<p>Information Governance Annual Report</p> <p>CM reported this item has been deferred to the meeting in October due to priority work around the Covid response.</p> <p>Action: WJ to add Information Governance Annual Report to the October Audit Committee agenda.</p>	(20.34) WJ
16.	<p>OCCG Annual Report Update</p> <p>CM reported the OCCG annual report has been presented and agreed at the latest OCCG Board meeting. CM highlighted revisions in the document to the sections on counter-fraud, information on Child and Adolescent Mental Health Services (CAMHS), diabetes services and BME groups. Additional disclosures of interests have been included in this version.</p> <p>RD queried why some of the disclosures were not included in the initial report. CM explained that one case related to a name change of a company and therefore was not an additional disclosure. There was one case where a disclosure was unintentionally not made and was highlighted by RSM UK as internal auditors. The disclosure was made promptly once it was identified as not included. LW suggested a random spot-check for disclosures could be carried out to encourage all to ensure they have made any relevant disclosures.</p> <p>RD highlighted that there is a requirement for clinician attendance on the Audit Committee and there is a gap following the previous clinician representative leaving OCCG. CM fed back she is implementing the new clinical leadership structure and will meet with Kiren Collison, Clinical Chair to decide who will cover each of the Committee meetings.</p> <p>The Committee approved the OCCG Annual report.</p>	

General Audit Matters		
17.	Workplan The workplan was reviewed and agreed.	
18.	Date of next meeting: 15 th October 2020	