

**Governing Bodies in Common – 1 September 2020****Minutes to be Received**

<b>Title of Meeting</b>	Audit Committees in Common (Blackpool CCG/Fylde and Wyre CCG)	
<b>Date of Meeting</b>	19 June 2020	
<b>Status (ratified/draft)</b>	Draft	
<b>CCG Representatives</b>	See minutes	
<b>Summary of key issues discussed:</b>		
<ul style="list-style-type: none"> <li>• Items relating to the year end accounts were provided at the Governing Body meeting held on 7 July 2020.</li> <li>• The item relating to the review of governance arrangements was submitted to the Governing Body meeting held on 7 July 2020.</li> <li>• Other items submitted to the Audit Committee were: <ul style="list-style-type: none"> <li>- Approved: <ul style="list-style-type: none"> <li>Joint Internal Audit Plan for Fylde Coast CCGs 2020/21</li> <li>Internal Audit Charter for Fylde Coast CCGs</li> <li>Anti-fraud Plan 2020/21</li> </ul> </li> <li>- Noting: <ul style="list-style-type: none"> <li>Internal Audit Progress Reports</li> <li>External Audit Sector Update</li> <li>Anti-fraud Progress Report</li> <li>Anti-fraud Services Annual Report 2019/20</li> <li>Losses and Special Payments</li> <li>Review of Registers of Interest</li> <li>NHS111 Contract Extension Waiver (Blackpool CCG only)</li> <li>Audit Committee Workplan March 2020-March 2021</li> <li>Matter Referred from Fylde and Wyre CCG Remuneration Committee</li> <li>Staff Welfare During COVID-19 Pandemic – actions being taken forward were noted</li> </ul> </li> </ul> </li> </ul>		
<b>Issues requiring action:</b>		
<b>Details:</b>	<b>By whom:</b>	<b>Timescale:</b>
N/A	N/A	N/A

**Recommendation**

Members of the Governing Bodies are asked to review and note the contents of the minutes.

**David Edmundson**  
Chair  
Blackpool CCG Audit Committee

**Mike Nuttall**  
Chair  
Fylde and Wyre CCG Audit Committee

Subject to Ratification at the Next Meeting

**Minutes of a Meeting of the Blackpool CCG Audit Committee  
Held in Common with Fylde and Wyre CCG Audit Committee on  
Friday, 19 June 2020 via Microsoft Teams Videoconference**

Present: Mr D G Edmundson, Lay Member Governance/Audit Committee Chair (Chaired Items 1-9)  
Mr C Brown, Lay Member  
Mrs H Williams, Lay Member Patient and Public Engagement  
Dr I Stewart, Secondary Care Doctor

In Attendance: Dr A Doyle, Chief Clinical Officer, Blackpool CCG and Fylde and Wyre CCG  
Mr M Nuttall, Lay Member Governance/Audit Committee Chair, Fylde and Wyre CCG (Chaired Items 10-26)  
Mr K Toole, Lay Member Patient and Public Engagement, Fylde and Wyre CCG  
Mr A Harrison, Chief Finance Officer  
Mr R Fisher, Chairman, Blackpool CCG  
Mr J Gaskins, Deputy Chief Finance Officer  
Miss E Bateman, Senior Financial and Technical Accountant  
Mrs J Williams, Head of Finance and Business Development  
Mr T Cutler, Partner, KPMG (LLP)  
Ms H Fisher, Manager KPMG (LLP)  
Mr S Connor, Managing Director, MIAA  
Mrs L Warner, Engagement Manager, MIAA  
Mr P Bell, Senior Anti-fraud Manager, MIAA  
Miss L J Talbot, Secretary to the Governing Body  
Mrs P Bowling, Secretary to the Governing Body (FWCCG)

The Chairman thanked all staff at both CCGs for their continued support particularly over the past few months in light of the COVID-19 pandemic.

The Chairs of Blackpool CCG and Fylde and Wyre CCG had been invited to attend the meeting particularly in light of the item on the agenda relating to governance arrangements.

**Approval of Annual Report and Accounts 2019/20**

**1. Apologies for Absence**

Apologies for absence had been received from Dr Janjua, Mr Davies and Mrs Cudlip.

**2. Declarations of Interest/Conflicts of Interest Relating to the Items on the Agenda**

**RESOLVED: That no declarations of interest were made.**

**The Chairman asked colleagues to declare any conflicts of interest that may arise during the meeting.**

The Chairman explained that the items on the agenda for the first part of the meeting relating to the Annual Report and Accounts 2019/20 would be taken in a different order.

**3. Annual Report and Accounts 2019/20 including the Annual Governance Statement**

Miss Bateman took members through the presentational report relating to the Annual Report and Accounts for 2019/20 and brought members' attention to the following:

Subject to Ratification at the Next Meeting

- The finance team had received questions on the accounts from Audit Committee members prior to the meeting which were subsequently responded to in more detail.
- Sources of assurance relating to the Head of Internal Opinion and Service Auditor Report were included with the meeting papers as they form part of the assurances available to the Accountable Officer and Governing Body in completing the Annual Governance Statement that internal control procedures are in place and effective within the CCG and CSU as a provider of services to the CCG.

Miss Batemen advised that members had received the reports and no queries had been raised.

- Members were reminded that the Annual Governance Statement (AGS) is a key section of the Accountability Report in the CCG Annual Report and Accounts and the report provided information on the compilation and review process. It was noted that for 2019/20, the AGS included a section on the impact of COVID-19 and identified that the CCG had put in place revised reporting and governance structures during this time.

At this juncture, Dr Doyle provided her perspective on the AGS and made the following comments:

- A review of the Fylde Coast CCG committee and leadership arrangements had been undertaken in 2019/20. The terms of reference and membership of all committees of the Governing Body were reviewed and committees established as either 'Joint Committees' or 'Committees in Common' as appropriate. Two new Clinical Directors and a Director of Nursing and Quality were in place to create a robust Senior Executive Team.
- As noted in the report, the AGS included a section on the impact of COVID-19 and identified that the CCGs had put in place revised reporting and governance structures during this time that had not been fully tested nor documented but had been delivering sound management during the incident management alongside existing business critical systems, mainly but not exclusively relating to post year end matters.
- The Governing Body Assurance Framework, the internal control process that enables the CCGs to focus on the risks in delivering their principle objectives, be assured that adequate controls are operating to reduce those risks to acceptable levels and highlight any gaps and that as part of this process a review of the risk management strategy took place which was approved by the Governing Bodies for implementation across the Fylde Coast CCGs.
- The Governing Body's own processes are supported by the work of Internal Audit who deliver a risk based internal audit plan, approved by the Audit Committee. The Head of Internal Audit Opinion for both CCGs identified that substantial assurance could be given on the system of internal control. The CCGs worked closely with the Anti-fraud Specialist and supporting team at MIAA and both have self-assessed as green for compliance with the Standards for Commissioners issued by the NHS Counter Fraud Authority.
- The Conflicts of Interest Policy was aligned across the Fylde Coast CCGs during 2019/20. The annual audit of conflicts of interest management demonstrated that arrangements were in place to satisfy NHSE/I requirements.
- Due to the impact of COVID-19, the deadline for submission of the Data Security and Protection Toolkit had been postponed until 30 September 2020. Work undertaken by MIAA on a number of mandatory assertions regarding the workplan for the toolkit resulted in a determination of significant assurance. It was noted that Blackpool CCG had no reportable

Subject to Ratification at the Next Meeting

information breaches in 2019/20. Fylde and Wyre CCG had one reportable breach in 2019/20 and the compliance to the DSPT was anticipated.

In summary, Dr Doyle concluded:

**'My review (as Accountable Officer for Blackpool and Fylde and Wyre CCGs) for 2019/2020 concludes that no significant internal control issues have been identified and that the CCGs both have a generally sound system of internal control that supports the achievement of their policies, aims and objectives'.**

Miss Bateman then took members through the annual accounts process and format along with the supporting appendices. She advised members of the following key issues in respect of the statutory financial duties of the CCG which are laid out in the National Health Service Act 2006 (as amended). Note 42 to the accounts highlighted the financial performance of the CCG against those statutory targets:

- The CCG has ensured that the gross expenditure (revenue plus capital) did not exceed its allocations (revenue plus capital) plus income.
- The CCG has kept its revenue expenditure within its revenue resource allocation.
- There was no capital allocation received in 2019/20.
- The CCG did not exceed its revenue administration resource.

Members noted the financial performance, materiality thresholds and other issues, particularly relating to:

- **Acute Activity** - The level of uncertainty around the acute expenditure accruals were quite low as activity for the providers they related to had been consistent throughout the year. Members were reminded that acute activity is the CCG's highest spend area.
- **Inventory (FWCCG only)** – Members were advised that inventory was a new item in the Fylde and Wyre CCG accounts only for 2019/20. It reflected the change in the accounting estimate in 2019/20 acknowledging that the community equipment model in Fylde and Wyre was one where items were issued then returned for reuse. There was a different model in place for Blackpool CCG hence why there was not an entry in their 2019/20 accounts.
- **Prescribing** – Members were advised that the approach taken in respect of the prescribing accrual required at year end was based on the approach used previously, augmented with additional data sources to ensure the impact of NCSO was reflected. Miss Bateman explained the prescribing accrual in more detail and advised members that NHSE/I guidance issued at month 12 made it clear that the CCGs were not to make adjustments in respect of estimating the potential impact of COVID-19 on March prescribing, therefore, the existing methodology was used.
  - Prescribing data becomes available two months in arrears hence an accrual is always required
  - The accrual is based on expenditure trends and numbers of prescribing days
  - This process is the same as previous years
  - The difference between the accrual and actual values are
    - Blackpool CCG £192,000
    - Fylde and Wyre CCG £510,000
    - The Fylde and Wyre CCG value is above AMPT (the audit threshold) and is, therefore, included with the ISA 260 as an unadjusted error
  - At 31 March 2020, the CCG recognised a prescribing prepayment in recognition that a proportion of March prescriptions are for use in the financial year 2020/21

Subject to Ratification at the Next Meeting

- This item is included within the ISA 260 as an unadjusted error as KPMG's view is that the criteria for a prepayment are not met
- The CCG view was that:
  - Control over the future economic benefit is obtained by the ongoing care plan between GP and patient.
  - The proportion of repeat prescriptions and within that the amount unused in the month of issue has been informed by Lancashire and South Cumbria medicines management leads

Mr Brown commented that, in a meeting earlier in the week, Mr Gaskins and Miss Bateman had taken him through the detail relating to queries he had raised on the accounts, particularly in respect of the prescribing prepayment. Whilst he recognised the difference of opinion between the CCGs and KPMG he believed that all CCGs in Lancashire and South Cumbria had used the same treatment. Whilst above the audit adjustment threshold for reporting it was not above the materiality threshold. He went on to say that should this be posted as expenditure, the CCGs would fail the control total agreed with NHSE/I as the BCCG underspend of £3.5m would be £2.5m without the prepayment. He commented that whilst the CCGs should be able to access this surplus in future years, the rules could change. Therefore, if the rules remained as they are, he was comfortable that the CCGs could access the surpluses. The £1m pre-payment creates a historic expenditure pressure and the other consideration could be that at some point there would be a merger of CCGs however, it could be that historic items are written off rather than a commitment into new organisations. Mr Harrison concurred with Mr Brown's comments on the potential impact and that the £1m for each CCG would be an ongoing prepayment accrual irrespective of a restructure unless the estimation approach changed.

Mr Cutler made reference to the prepayment where they agreed to disagree on the issue of control explaining that in KPMG's view, the CCGs do not control the use of those drugs. Consistency across Lancashire was a sensible context, the prepayment would remain as an unadjusted audit difference in 2020/21 and the following year 2021/22 as long as the CCGs make the prepayment. Mr Gaskins advised that the CCGs' original plan for 2019/20 had been breakeven, in agreeing during the year to deliver surpluses an estimate of £1m per CCG related to the prescribing prepayment had been assumed.

In respect of the remaining sections of the CCGs' Annual Reports, Miss Bateman explained the content, process for drawing up the documents and the review process across Governing Body members.

Ms Fisher took members through the ISA 260 documents for both CCGs and asked them to treat the documents as the same with the only differences relating to:

- Blackpool CCG – One unadjusted difference
- Fylde and Wyre CCG – Two unadjusted differences.

Ms Fisher highlighted the following:

- The significant risks were the same as the previous year which were common across CCGs.
- The elements relating to accruals had been discussed earlier in the meeting.
- Reference was made to IFRS16 (Leases) – the implementation of the new lease accounting standards had been deferred to 1 April 2021, therefore, this would be picked up as part of the 2021/22 audit.
- Value for Money Audit – The CCG has adequate arrangements to secure economy, efficiency and effectiveness in its use of resources. There was a significant risk however, during 2019/20 which related to the ICP and how it is managed, joint reporting and the wider impact of working together on the design pathway. It was recognised that COVID-19 will have an



Subject to Ratification at the Next Meeting

impact on future years in terms of funding and whilst KPMG would normally review the plan in place for the following year, given what was in place, it had not had a negative impact on their opinion.

- Reference was made to the appendices within the report which related to two recommendations that had been followed up for both CCGs. One recommendation was still in place and a new recommendation for 2020/21 related to a retrospective journals review. Ms Fisher explained that from the testing, they found that until January 2020, the check had been carried out but most of it had been undertaken via emails and it was not possible to obtain a sufficient, appropriate evidence of the level of spot checks taking place or the conclusion of the reviewer as to whether there were any unexpected or unusual journals identified. This was subsequently discussed with the finance team as part of their interim audit feedback process. Members noted the recommendation made, the actions to be undertaken with a requirement to consistently embed the process in 2020/21. This would be reviewed in due course.
- Audit Differences – There is a requirement to report any inconsistencies greater than £300,000 between the signed audited accounts and the consolidation data and details of any unadjusted errors or uncertainties in the data provided for intra-group and intra-government balances and transactions regardless of whether a CCG is a sampled or non-sampled component. The report provided details of the inconsistencies that will be reported to the National Audit Office as follows:
  - Blackpool CCG:

There were a number of mismatches which were listed within the report and mainly related to ICS funding. Ms Fisher advised that it had been discussed at length with Mr Gaskins on the approach taken and there is an understanding of the CCG's position. KPMG colleagues were comfortable with the way in which it had been treated and given that from 2020/21, ICS funding will be directed differently, it was anticipated that it would not be an issue when the exercise is undertaken during 2020/21. Mr Gaskins further clarified that the ICS funding would initially come through to the CCG but would then be passed on to Lancashire and South Cumbria ICS (via Lancashire Care NHS Foundation Trust) as they will be setting up the budgets. Mr Cutler made reference to the agreement of balances and the consistency of treatment and appropriate accounting for ICS funding commenting that it would be shown as gross in the income and expenditure statement. He also commented that given Mr Gaskins' explanation, there should be consistency in 2020/21.
  - Fylde and Wyre CCG:
    - There were a number of mismatches which were listed within the report and of particular note was the audit difference in respect of the CCG's previous premises in Wesham and NHS Property Services as a payment had been made by the CCG which had not been included on the NHS Property Services statement.
  - Audit Independence – Reference was made to the Audit Independence statement within the report.

On behalf of KPMG colleagues, Ms Fisher thanks were conveyed to colleagues in the Finance Team for their support and whilst recognising the challenges in light of the COVID-19 pandemic, the process had been undertaken and completed as well as expected.

Mr Nuttall supported the comments made and recognised the hard work undertaken during a difficult period. He conveyed his thanks for the presentation given to him in respect of the detail around the accounts. He also commented that in addition to the accounts process, there should also be recognition for the work undertaken in drawing up the Annual Reports of the CCGs. Mr Nuttall conveyed his thanks to Mr Harrison and colleagues in the finance team for their continued support.

Subject to Ratification at the Next Meeting

Mr Nuttall commented that on a general point, also made this time last year, borne out through the Finance and Performance Committee and the Governing Body, there was no confidence in the QIPP programme. Whilst recognising the significant legitimate one-off adjustments in respect of the accounts relating to the additional surplus and in the context of the current situation regarding the COVID-19 pandemic, he commented that continuing to find savings will become more and more difficult and it needed to be recognised that there will potentially be a huge struggle to achieve the control totals as individual CCGs.

Mr Nuttall sought assurance on the following areas:

- Wesham Offices - That there had been a resolution in relation to the Wesham offices and vacation in terms of the difference of opinion between Fylde and Wyre CCG and NHS Property Services. He also sought assurance that it had been provided for in the 2019/20 accounts and that £500,000 would be accounted for in 2020/21.

Mr Harrison advised that the vacation arrangement and liability had been agreed with NHS Property Services and that payment would be staggered over the two years.

- HMRC re Tax and National Insurance Contributions – It was noted that a report later in the agenda under Losses and Special Payments reference this issue however, members were advised that agreement had been concluded and the loss had been reported in Note 40 of the of the Fylde and Wyre CCG annual accounts.
- Over Wyre Medical Centre Procurement - Mr Harrison advised that no further communication had been received prior to the expiration of the six month window for any claims to be lodged.

**a) Blackpool CCG**

**RESOLVED:** That all members of the Audit Committee gave their approval to the Blackpool CCG Annual Report and Accounts 2019/20.

**b) Fylde and Wyre CCG**

**RESOLVED:** That all members of the Audit Committee recommend the Fylde and Wyre CCG Annual Report and Accounts 2019/20 to the Council of Members for approval.

**POST MEETING NOTE**

The Fylde and Wyre CCG Annual Report and Accounts 2019/20 were approved via Chair's Action on behalf of the Council of Members on 19 June 2020. The Chair of the Council of Members, along with two other members, received a verbal report of the proceedings from the Audit Committee and duly approved the Annual Report and Accounts 2019/20.

**4. MIAA Head of Internal Audit Opinion and Annual Report 2019/20**

The following reports were taken at Item 3 as detailed in the minutes:

**a) Blackpool CCG**

**RESOLVED:** That members note the report.

Subject to Ratification at the Next Meeting

b) **Fylde and Wyre CCG**

**RESOLVED:** That members note the report.

5. **Service Auditor Report**

The following reports were taken at Item 3 as detailed in the minutes:

a) **Blackpool CCG**

**RESOLVED:** That members note the report.

b) **Fylde and Wyre CCG**

**RESOLVED:** That members note the report.

6. **Year End Reports 2019/20 – ISA 260**

The following reports were taken at Item 3 as detailed in the minutes:

a) **Blackpool CCG**

**RESOLVED:** That members note the report.

b) **Fylde and Wyre CCG**

**RESOLVED:** That members note the report.

7. **Management Representation Letter from the CCGs**

Mr Harrison advised members that the draft management representation letters for both CCGs had been presented to the respective CCG Governing Bodies to obtain their confirmation of the content which was subsequently agreed. He was, therefore, asking Audit Committee members to note the agreement for formal sign-off.

Members were advised that following sign-off by Dr Doyle and Mr Harrison, under the COVID-19 restricted arrangements, there was a requirement for the signed documents incorporating electronic signatures to be forwarded to KPMG from Mr Harrison's email inbox, copying Dr Doyle. KPMG colleagues were comfortable with this arrangement.

a) **Blackpool CCG**

**RESOLVED:** That members approve the Management Representation Letter from the CCG.

b) **Fylde and Wyre CCG**

**RESOLVED:** That members approve the Management Representation Letter from the CCG.

8. **Annual Report of the Audit Committee 2019/20**

Mr Edmundson and Mr Nuttall confirmed that the Annual Reports of the respective CCG Audit Committees reflected the business of the committee during the year.



Subject to Ratification at the Next Meeting

a) **Blackpool CCG**

**RESOLVED:** That members approve the Annual Report of the Audit Committee 2019/20.

b) **Fylde and Wyre CCG**

**RESOLVED:** That members approve the Annual Report of the Audit Committee 2019/20.

Mr Edmundson thanked all colleagues for their support and contribution to the Annual Report and Accounts process.

9. **Governance Arrangements**

a) **COVID-19 – Review and Approval of Revised Interim Governance Arrangements (submitted to the Governing Bodies in Common Meeting – 5 May 2020)**

Mr Harrison reminded members of the circulated report that had been presented at the Governing Bodies in Common meeting on 5 May 2020 in light of the COVID-19 outbreak incident. It focussed on the corporate governance and decision making impacts resulting from the guidance and scenarios that the incident management is currently, and may in the future, have on the methods that both CCGs adopt in delivering their responsibilities.

At the Governing Bodies in Common meeting, members:

- Acknowledged the robust review of the CCG decision making in response to the governance requirements for the CCG committees.
- Approved the proposals as set out in the appendices to the report.
- Supported the completion of the documentation and process for the other committees, ie, Primary Care Commissioning Committee, Clinical Commissioning Committee and the Remuneration Committee, subsequently completed and appended for noting by the Audit Committee members.

Mr Harrison explained that for full compliance with governance arrangements, Audit Committee members were asked to endorse the recommendations agreed by the Governing Body suggesting enhancements or amendments as necessary and to endorse a review of the arrangements by committee Chairs after a period of three months. Mr Harrison advised that July would represent a realistic starting point to review the arrangements commenting that Item 9b further explains some of those review requirements.

Advice was welcomed from KPMG and MIAA colleagues. Mr Connor commented that the reports were very thorough and that regular briefings had been issued. He was comfortable to support the way forward and that Mrs Warner would continue to work with CCG colleagues to undertake further support work as identified in the plan. Mr Cutler concurred with the comments made, that the information provided made good sense and was measured in the context of a pandemic. He further commented that CCG colleagues may be open to learning from the current situation as they may wish to retain some of the working practices around flexible working and work life balance for staff. Further consideration could be given to retaining the positives aspects whilst returning to the good governance as best they can.

**RESOLVED:** That members:

- **Endorse the recommendations agreed by both CCG Governing Bodies on 5 May 2020.**

Subject to Ratification at the Next Meeting

- **Acknowledge the robust review of the CCG decision-making in response to the governance requirements for the CCG committees.**
- **Approve the proposals set out in appendices 2-10.**
- **Endorse a review of the arrangements by committee Chairs to commence in July 2020.**

b) **Governance Arrangements During the Level 4/COVID-19** – Mr Edmundson made reference to the letter appended with the papers from Mr McCarthy, North West Regional Director at NHSE/I regarding the role of Boards during the emergency and that the basic principle is that Boards retain all of their responsibilities apart from those brought into the emergency governance arrangements. Members were reminded that once a level four incident is declared, in health, NHSE takes responsibility for “running the emergency” which means that new governance arrangements are established for decision making within the scope of the emergency. The letter goes on to provide information on the hospital and out of hospital cells and the commitment of resources which is reflected in the operation of the emergency financial regime.

A letter was subsequently issued by Dr Doyle in her capacity as Chief Officer of the Lancashire and South Cumbria ICS which set out how the ICS intends to involve the commissioning system, where required, in decisions made by the hospital and out of hospital cells and to ensure oversight of the wider and recurrent implications for commissioners of those decisions.

As the emergency and decisions are being taken at system level, clarification was sought as to the role of CCGs given their statutory responsibilities and assurance that the way in which the CCGs are functioning currently is robust and supports what is required to be undertaken. There were a number of questions about the slimming down of committee agendas, what arrangements KPMG will put in place if there aren't any contracts in place, how will they approach value for money and who will the CCGs report to on governance in respect of financial spend as it appears it is being taken away from the CCGs with responsibility transferred to the ICS and joint committee level. Dr Doyle explained that the letter issued by Mr McCarthy was in response to a request for a clearer understanding of how organisations should carry out their business during the emergency situation and it was recognised that there has been a lot of uncertainty regarding their accountabilities. She further advised that her letter intended to enact those arrangements in Lancashire and South Cumbria. Dr Doyle explained that CCGs are not responsible or able to commit any resource for the entirety of the financial year as the CCGs' commitment of resources was currently under the remit of NHSE and technically, CCGs are acting as agents of the NHS under the hospital and out of hospital cells. She commented that there needed to be a level of commissioning across Lancashire and South Cumbria in order to have the ability to contribute to the decisions taken. Dr Doyle advised members that the decisions taken do not purely relate to the emergency incident but have recurrent implications around financial commitments which will come back to statutory organisations. Members were informed that it is clear to NHSE that the commitments in-year and out of year are outwith the financial envelope and at the time of making the decisions were not affordable within the joint allocations. Dr Doyle welcomed auditor views on the position. Mr Cutler made reference to the value for money conclusion, explaining the statutory responsibility for bodies, the expectations and level of planning. He further commented that from an audit perspective, they can only work with what they know.

Mr Edmundson asked that that if all resources are allocated via the hospital and out of hospital cells, how the CCGs can be responsible for financial probity in respect of its allocation? In 12 months' time he would expect an audit trail showing how the allocation was spent, the direction the CCGs were heading in and then clarity as to how it could be listed going into 2021/22. Mr Harrison provided further clarity of the level 4 pandemic arrangements commenting that in statute, the NHS Chief Executive directs the arrangements and that members should not conflate the fact that whilst Dr Doyle is the Accountable Officer for the Fylde Coast CCGs, she is also the Chief Officer for the

Subject to Ratification at the Next Meeting

Lancashire and South Cumbria ICS. The ICS is not making the decisions, the hospital and out of hospital cells are instructed by the Secretary of State and Chief Executive of NHSE. The Fylde Coast organisations are in a unique position to have Dr Doyle and the Chief Executive of Blackpool Teaching Hospitals NHSFT heading up the cells in Lancashire and South Cumbria.

Mr Harrison made reference to probity commenting that whilst the CCGs can influence GPs, the CCGs would not deliver a level of financial probity of controlling. He further explained that it is about what the CCG is responsible for and the CCGs do not have a control limit at the current time. Mr Harrison advised members that he is looking for or trying to prevent the CCGs ticking over with its committees in a meaningless way and gave an example of the Finance and Performance Committee in respect of targets and performance which are meaningless in a COVID-19 environment. He stressed the importance of trying to understand from the cells what the CCGs can influence and should they be unable to influence in a meaningful way, monthly committee meetings could be stood down and new arrangements put in place. Dr Doyle supported the comments made and advised that as case numbers start to reduce, consideration would need to be given in identifying the capacity required to put in place, what is reasonable to deliver, review what efficiencies can be made, address the backlog and waiting lists, ensuring infection control measures across providers are put in place also recognising that hundreds of beds have been taken out of hospitals. She would still expect there to be value for money making reference to savings, commenting that quality was a good example around this as quality monitoring and responsibilities would need to be delivered jointly at system level advising NHSE that CCGs are undertaking it in partnership with other organisations. Clarity was, therefore, required as to whether the same should be applied to the CCGs' committees and whether to scale them down in light of the joint arrangements. Mr Edmundson and Dr Doyle also expressed concern that staff are continually producing reports and that duplication should be avoided in this respect. It was suggested that Audit Committee members recommend further debate across both Governing Bodies.

Dr Stewart welcomed the comments made by Mr Edmundson and Dr Doyle. He asked for more precise detail of the issues that the Quality Improvement and Engagement Committee should be discussing as the committee does not appear to receive issues for debate and find that they have already been decided elsewhere and submitted to the committee for information. He also commented that reports could be managed in a different way and looked forward to receiving clarity over the coming weeks.

Mr Brown made reference the CCGs' standing orders, standing financial instructions and schemes of delegation which appear to have been taken from the CCGs into the hospital and out of hospital cells. He commented on the remit of the committees and the areas that the CCGs are responsible for such as Blackpool Teaching Hospitals NHSFT and cost effective prescribing. If these areas are not being taken forward within the CCGs' structures, assurances are required that they are being taken forward elsewhere and he asked how the committees and Governing Bodies receive that assurance and ensure they are being undertaken only once. Dr Doyle advised that the out of hospitals cell is responsible for identifying the need and ensuring there is delivery and capacity to meet that need. She commented that whilst quality oversight is still the responsibility of CCGs, it is difficult to deliver it on an individual organisational basis. She explained that by having advanced discussions, all hospitals in Lancashire and South Cumbria would have a pooled waiting list to ensure they are all delivering for everybody and it would be undertaken jointly through the Joint Committee of CCGs rather than via the cells.

Mr Nuttall commented that although Dr Doyle's letter states the remit of the cells, it needs to flesh out in more detail what the CCGs will be undertaking, supported by the Governing Bodies followed by support from internal and external audit. He stressed the importance of ensuring there is a contingency in place in the event that the cells do not continue and responsibilities revert back to CCGs. He further commented that there appears to be a void as to what the CCGs' roles are.

Subject to Ratification at the Next Meeting

Mr Fisher welcomed the discussion to be taken forward for more detailed discussion with the Governing Bodies. He sought clarification in respect of primary care commissioning as the funding is delegated directly from NHSE to the Primary Care Commissioning Committee and whether the committee continues to be responsible for those delegation arrangements. Dr Doyle advised that a primary care cell had been put in place which was being managed by Mr Tinson and she stressed the importance of understanding the funding and reporting arrangements. She explained that delegation was not relevant as NHSE had taken back the commitment of all resources including primary care and that CCGs were not able to commit funding, likely to be for the rest of the year. Dr Doyle informed members that the commitment of resource for primary care commissioning is within the remit of the out of hospital cell which she heads up. She explained that the Joint Committee of CCGs cannot make decisions in respect of CCG level one and two decisions. There needs to be clear agreement that any decisions made at the Joint Committee of CCGs are understood and fed back to individual CCGs in a timely manner. She further explained that delegation was not a relevant term around decision making and that it was now all within the cells.

Mr Cutler commented that a lot of the discussions were ongoing issues in respect of the pandemic however, in looking at governance arrangements, it is right that they are defined and where they end and for the ICS/cells and where they begin for the CCGs. It was important that there is a management of risks to organisations of decisions that are being made elsewhere. He made reference to a document '*What not to drop – good governance*' and would send the link. Consideration would need to be given as to what areas the CCGs maybe should have not dropped and what they should keep looking at. Once the emergency situation is over, there will be an expectation to carry on. He also suggested reviewing risk registers.

It was suggested that further discussion be held at Governing Body and at committee level as there needed to be more clarity and a streamlining of the work of the management team. Members were advised that in terms of quality, the Directors of Nursing and Quality at the CCG and Hospitals Trust are currently looking at proposals to ascertain how it can be managed. It was also important that there is a clear understanding of the statutory powers of the CCGs.

Mr Toole commented that the issues around accountability appeared to be creating levels of uncertainty and also concurred that it is important to flag up the Audit Committees' concerns. It was also recognised that in moving forward, it is likely that the organisations would not revert back to previous ways of working but move into something different. He made reference to command and control commenting that was no reference as to how the cells are being informed and assisted by communications and engagement.

**RESOLVED:** That members of the Audit Committee recommend further discussion via the CCGs' committees and the Governing Body be held in order to provide clarity on the way forward.

### Other Business Items

#### 10. Minutes of the Meeting Held on 20 January 2020

**RESOLVED:** That the minutes of the meeting held on 20 January 2020 be approved as a correct record.

#### 11. Matters Arising and Action Sheet

**2018/19 Mental Health Investment Standard (MHIS) Audit Update**



Subject to Ratification at the Next Meeting

As requested at the last meeting, members were provided with an update report setting out the current status of the recommendations made as part of KPMG's work over the 2018/19 MHIS Statements of Compliance for both CCGs.

There were no other matters arising. The action sheet was reviewed and the contents noted.

## 12. Internal Audit

### a) **Blackpool CCG - Progress Report**

### b) **Fylde and Wyre CCG - Progress Report**

Lisa Warner presented the progress reports and provided an update in respect of the assurances, key issues and progress against the Internal Audit Plan for 2019/20. Since the previous meeting of the Audit Committee the following reports had been finalised:

- Assurance Framework – NHS requirements partially met
- Conflicts of Interest – improvement in level of compliance
- Primary Care Commissioning – Contract Oversight and Management Functions – high assurance
- Data Security & Protection Toolkit – substantial assurance

The following two audit reviews were reported to be in progress/deferred:

- ICP Governance – fieldwork in progress (delayed due to COVID-19 pandemic)
- CHC performance – deferred due to COVID-19 pressures.

Good progress was reported in terms of implementation of recommendations.

H Williams made reference to the Safeguarding Audit in Blackpool which received a 'limited assurance' and sought clarification as to whether there were any risks rated as 'critical'. She also noted that several recommendations were outstanding and the report suggested that some had been superseded.

L Warner responded that the full list of recommendations from the Safeguarding Audit was presented at the last meeting, however, significant progress had been made in implementing the recommendations. A description of the two outstanding recommendations was provided, one of which was rated as high priority. A re-audit was scheduled as part of the 2020/21 Audit Plan.

Attention was drawn to the Data Security and Protection Toolkit audit and the one area highlighted in the review in regards to the assertions relating to the business continuity testing and training and a question was asked as to whether this was a concern. A Harrison confirmed that this was not of concern and responding to the COVID-19 incident had meant that the CCG's business continuity arrangements were tested. Andrew added that in his role as SIRO responding to the pandemic had raised some concerns, for example around sharing of information between hospitals and Local Authority out of necessity, and further work was being done on this.

*D Edmundson left the meeting*

**RESOLVED: That the Audit Committee note the contents of the report.**

## 13. Draft Joint Internal Audit Plan for Fylde Coast CCGs 2020/21

L Warner presented the draft Internal Audit Plan for approval and advised that the plan is the same for both CCGs. Lisa informed the Committee that Sandra Cudlip had joined the team as the Engagement Lead and would attend future meetings. Steve Connor is the Director Lead.

It was confirmed that the Safeguarding Audit (Blackpool CCG audit) would be undertaken in Q3 and not Q2 as indicated in the Plan. Lisa agreed to amend the plan and re-issue.

*Action: L Warner*



Subject to Ratification at the Next Meeting

Reference was made to the discussion earlier in the meeting around potential revised governance arrangements and it was agreed that this be kept under review as a potential area for audit work in the future. MIAA confirmed that the plan would be kept under review throughout the year to ensure it continued to reflect the key risks of the CCGs.

**RESOLVED:** That the Audit Committee approve the Internal Audit Plan for the Fylde Coast CCGs for 2020/21, subject to the amendment regarding the timing of the Safeguarding Audit in Blackpool CCG.

*POST MEETING NOTE: D Edmundson approved the Internal Audit Plan via email.*

**14. Internal Audit Charter for Blackpool CCG and Fylde and Wyre CCG**

L Warner presented the Internal Audit Charter which is mandated through the Public Sector Internal Audit Standards (2016) and defines the internal audit activity's purpose, authority and responsibility.

**RESOLVED:** That the Audit Committee approve the Internal Audit Charter for Blackpool CCG and Fylde and Wyre CCG.

**15. External Audit Sector Update**

T Cutler presented the External Audit Sector update for information. Tim made reference to the Mental Health Investment Standard and advised that information regarding the timeframe for the national sign-off and confirmation as to when the 2019/20 review would take place was awaited. Tim undertook to inform the CCGs as soon as any further information became available.

**RESOLVED:** That the Audit Committee note the contents of the External Audit Sector Update.

*Dr Amanda Doyle left the meeting.*

**16. Anti-fraud Progress Report**

P Bell presented the Anti-fraud Progress Report summarising key activities undertaken covering the period April to May 2020. Key messages included an MIAA position statement due to COVID-19 and the CCGs' rating against each of the NHS Counter Fraud Authority Standards for Commissioners. Both CCGs were rated 'green'. An update on activities relating to Inform and Involve, Prevent and Deter and Hold to Account was also provided.

**RESOLVED:** That the Audit Committee note the contents of the Anti-fraud Progress Report.

**17. MIAA Anti-fraud Services Annual Report 2019/20**

P Bell presented the MIAA Anti-fraud Services Annual Report (April 2019 to March 2020) for the Fylde Coast CCGs.

Paul confirmed that on the self-assessment against Standards for Providers, standard 1.8, Fylde and Wyre CCG was unable to evidence compliance as it did not have lead commissioning responsibilities and in accordance with the assessment criteria this standard was therefore self-assessed as 'red'.

*Chris Brown left the meeting.*

*Blackpool CCG was deemed as no longer quorate and any decisions taken from this point on were ratified by email after the meeting.*

Subject to Ratification at the Next Meeting

**RESOLVED:** That the Audit Committee note the contents of the MIAA Anti-fraud Services Annual Report 2019/20.

**18. Anti-fraud Plan 2020/21**

P Bell presented the MIAA Anti-fraud Plan 2020/21 for the Fylde Coast CCGs. Paul advised that the Plan had been developed prior to the start of the COVID-19 pandemic and appreciated the challenging circumstances in which the CCGs were currently working and recognised that it was not practical to try to continue to deliver a business as usual Anti-fraud Plan. Further discussions were therefore taking place between the Anti-fraud Manager and the Chief Finance Officer about flexing the plan and support to the CCG over the coming weeks.

**RESOLVED:** That the Audit Committee approve the MIAA Anti-fraud Services Plan 2020/21.

*POST MEETING NOTE: D Edmundson and C Brown approved the Anti-fraud Plan via email after the meeting.*

**19. Losses and Special Payments**

a) **Blackpool CCG - Nil**

b) **Fylde and Wyre CCG**

L Bateman reported one fruitless payment made to HMRC to the value of £8,745.

**RESOLVED:** That the Fylde and Wyre CCG Audit Committee noted the loss to the CCG in respect of interest charges paid to HMRC.

**20. Review of Registers of Interest**

The Committees received the updated Registers of Interests of both Blackpool CCG and Fylde and Wyre CCG.

**RESOLVED:** That the Audit Committee noted the contents of the Registers of Interests.

**21. Blackpool CCG Only – Waiver – NHS111 Contract Extension Waiver**

In accordance with governance arrangements, the Blackpool CCG Audit Committee was informed of a waiver request in relation to the provision of the NHS 111 service for the North West. The waiver had been approved by the Accountable Officer.

**RESOLVED:** That the Blackpool CCG Audit Committee note the contents of the waiver.

**22. Draft Audit Committee Workplan – March 2020 to March 2021**

The updated Audit Committee workplan for 2020/2021 was presented for review.

**RESOLVED:** The Audit Committee approve the contents of the Workplan.

*POST MEETING NOTE: D Edmundson and C Brown approved the Audit Committee Workplan via email after the meeting.*

**23. Business Escalated from Other Committees**

a) **Matter referred from Fylde and Wyre CCG Remuneration Committee Held on 10 March 2020**

M Nuttall advised the Committee that on 10 March 2020, the FWCCG Remuneration Committee received a report relating to a matter considered by the Committee a number of years earlier. It

Subject to Ratification at the Next Meeting

appeared that due to mechanisms at the time there was insufficient professional advice in the report. Consideration of the matter led to a wider discussion about reports received by the Governing Body and Committees and the need to ensure that there was sufficient cross professional input into such reports before they were tabled. The Executive Team had been asked to review current procedures and report back to the Audit Committee. A Harrison confirmed that the matter had been referred to the appropriate officers with a request to provide the necessary assurance to the Remuneration and Audit Committees as appropriate.

**24. Items for Governing Bodies in Common Meeting – 7 July 2020**

- 1) Annual Report of the Audit Committee 2019/20
- 2) Governance Arrangements
- 3) The Annual Report and Accounts will be circulated to the Governing Body members outside of the Governing Body meeting, published on the CCGs' website and presented to the public at the Annual General Meeting (date to be confirmed).

**25. Any Other Business**

**Staff Welfare during COVID-19 pandemic**

K Toole raised an area of concern in light of current working practices. He asked how the CCG could be reassured on staff welfare when staff were working away from their usual workplace and whether an Executive Lead had been nominated for this matter. A Harrison confirmed that this matter was being picked up by the Executive Team and formed part of the Test and Adjust Review of the first stage of the incident, being led by Jane Scattergood. Staff had been invited to complete a survey which included questions about remote working, management support and communication. Staff had also been reminded about support mechanisms such as the Employee Assistance Programme and a review of home working in terms of health and safety was being undertaken.

**26. Date, Time and Venue of Next Meeting**

**To be advised – September or October 2020**