

BNSSG ICB Audit and Risk Committee Meeting

Minutes of the meeting held on 9th December 2022 at 14:00, MS Teams

Minutes

Present		
John Cappock	Audit Committee Chair - Non-Executive Member	JCa
Ellen Donovan	Non-Executive Member – Quality and Performance	ED
Alison Moon	Non-Executive Member – Primary Care	AM
Jane Norman	Audit Committee Chair - Non-Executive Member UHBW	JN
Jo Walker	Chief Executive Officer, North Somerset Council	JW
Apologies		
Jaya Chakrabarti	Non-Executive Member – People	JCh
Steve West	Non-Executive Member – Finance, Estates and Digital	SW
In attendance		
Sarah Truelove	Chief Financial Officer and Deputy Chief Executive, BNSSG ICB	ST
Julie Bacon	Interim Chief People Officer, BNSSG ICB	JB
Rosi Shepherd	Chief Nursing Officer, BNSSG ICB	RS
Elias Hayes	LCFS Manager, Audit South West	EH
Sarah Smith	LCFS Manager, Audit South West	SS
Nick Atkinson	Head of Internal Audit, RSM	NA
Victoria Gould	Client Manager, Internal Audit RSM	VG
Gail Turner-Radcliffe	Audit Manager, Grant Thornton	GTR
Catherine Cookson	Associate Chief Finance Officer	CC
Sarah Carr	Corporate Secretary, (note taker) BNSSG ICB	SC

	Item	Action
A	<p>Meeting with Auditors without the Executive</p> <p>JCa welcomed Committee members and external auditors to the meeting without the executive. Members were introduced. JC introduced JW and JN to the meeting. JCa asked Internal Audit and Counter Fraud colleagues if there were issues to raise. NA highlighted the changes to the Internal Audit papers and the changed opinion given for the Agency Report. JCa asked if auditors were experiencing issues regarding management responses to audit reports and the implementation of actions. NA explained in relation to the safeguarding audit the action regarding the Strategy continued to be relevant and it would be</p>	

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	<p>helpful to have the Committee's support to resolve this matter. The auditors understood that the action regarding training could be mitigated through other approaches and this could be reviewed. JCa voiced his concern at the length of time the actions had remained open, commenting that it was not acceptable. JCa asked if the outstanding actions had been discussed with the Executive Team. NA confirmed this.</p> <p>ED observe that RS was aware of the importance of the role and observed it was important to understand what the challenges were and ensure the organisation provided support to resolve the position. AM commented it was important to understand what was within RS and the ICB's control and what plans were in place where issues were beyond the control of the organisation. AM noted issues concerning the Nursing and Quality Directorate were raised in other reports to the Committee. NA commented that the auditors understood that overtime different routes to resolving actions emerged. JN asked if the actions relating to the CCG continued to be relevant for the ICB. This was confirmed. NA explained that where actions were no longer relevant there was clear route for the executive to raise this. This had happened in other instances.</p>	
1	<p>Welcome and Apologies</p> <p>The above apologies were noted. EH explained this was his last meeting. SS would attend future meetings as the Counter Fraud and Security Management adviser. JC thanked EH for his support and wished him well for the future. SS was welcomed to the meeting.</p>	
2	<p>Declarations of Interest</p> <p>There were no new declarations and no existing declared interests that conflicted with agenda items.</p>	
3	<p>Minutes of the Previous Meeting and Action Log</p> <p>The minutes were agreed as a correct record. The Committee reviewed the action log.</p> <ul style="list-style-type: none"> • Action 29/09/22 item 04 ref 02 an update would be provided in the meeting. It was agreed the action was closed • Action 29/09/22 item 04 ref 03 ST confirmed the progress report had been shared with the executive team and would be shared on a monthly basis in future to ensure actions were followed up appropriately. It was agreed the action was closed. • Action 29/09/22 item 15 ref 04 JW noted the ICB Corporate Risk Register had not been presented to the Board and asked about the plans to present the register. ST explained that a seminar on risk was planned for the ICB Board in January 2023, this would look at the development of the ICB Board Assurance Framework. Work to develop a Risk Management Framework for the ICB was underway which would describe the process for risks to be identified and reported through partner organisations. The CCG Corporate Risk Register (CRR) had been reviewed for the ICB to ensure the risks held continued to be relevant. NA observed that in other systems they had 	

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	<p>explored issues including public involvement and the use of language in developing risk registers and assurance frameworks for ICBs. JCa noted the benefit of the involvement of local authority partners in the development of the risk management framework. SC explained the CCG CRR had been reviewed by the ICB to ensure that all risks were appropriately transferred or closed. The CRR had been received at the ICB Committees as part of the process of review. The CRR would be aligned to the Assurance Framework under development and would be presented to the ICB Board at that point. AM commented on the action explaining the addition of the primary care delegation risks had been raised at the Primary Care Committee. It was important that the risks were clearly articulated and mitigations put in place, noting delegation would be conferred from 1st April 2023. It was agreed that the action remained open.</p> <p>All other due actions were closed.</p>	
4	<p>Internal Audit 2022/23 Progress Report</p> <p>JB attended for this item. NA stated that previous internal audit actions continued to be tracked and since the last meeting two actions had been implemented. Three actions remained ongoing with updates provided by the executive. A small number of historic actions remained open relating to safeguarding. The actions relating to Health Inequalities had been superseded by a new action plan developed by the ICB in response to the audit. NA observed that the action plan required monitoring through a suitable forum rather than reporting on progress through the Audit and Risk Committee.</p> <p>Attention was drawn to the audit reports. The Financial Sustainability report was advisory and had been mandated centrally. NA acknowledged the work undertaken by ICB management to evidence the self-assessment checklist. Overall, the report agreed with the ICB assessment: there were questions where the auditors felt that the ICB could be given a higher score based on the evidence provided. NA commended the ICB approach and openness. The ICB had provided action plans for those areas scored below 4. It was noted that NHSE had set a deadline for actions to be delivered by the end of January. Clear reasons and completion dates were provided where this deadline would not be achieved. As the report was advisory there was no audit opinion given.</p> <p>JCa asked if this would be reviewed across the system. ST commented it would be useful to discuss as this reflected on system working and how the system could rely on assurance from each audit committee. It was important not to duplicate work. JCa observed the development of more facilitative and enabling approach, relying on assurance from partners, as the ICB developed. JN commented that UHBW had completed the self-assessment which had been reviewed by Internal Audit. JN agreed that the reports were a helpful way to share information and there was potential to share provisional information; however, it was explained that the UHBW report was progressing through the</p>	

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	<p>formal internal governance system. NA welcomed the system approach and commented that information benchmarking the ICB against other ICBs covered by RSM would be presented to the next meeting. There were no further comments.</p> <p>NA drew attention to the Agency Review which had been given an overall audit opinion of partial assurance. The report had been updated and the overall opinion had changed since the papers had been published and NA apologised. NA explained the audit was requested by management due to concerns about the control framework for the use of agency staff. The audit found there was no centralised function for the oversight of the usage of agency staff and expenditure. Budgetary control systems were in place at a budget holder level. Recruitment controls were flagged in the report. NA noted that historically the CCG did not have an inhouse HR function with oversight of this area. The ICB had established a People Directorate which would allow for better central oversight and guidance on the use of agency staff across the organisation. NA commented that since the appointment of the Interim Chief People Officer the ICB had adopted NHSE agency rules with respect to rate caps. NA highlighted the action plan which set out the learning for the organisation.</p> <p>JB commented that guidance had been issued to staff regarding the use of agency staff and IR 35, however a centralised process was required to enable greater control and to strengthen guidance for staff. JB commented it was important to apply the measures and standards were applied across the system to the ICB.</p> <p>AM welcomed the audit, and asked how the issues would have come to light if the concerns had not been raised and what the organisational learning was for other areas. NA observed that in general CCGs had relatively small HR functions compared to ICBs. Workforce from a system perspective was increasingly being considered in terms of risks and controls. NA added that the application of the system wide standards and expectations described by JB to the ICB internally would also increasingly highlight issues. Budgetary control and expenditure would also flag concerns. NA noted these control mechanisms were established. ST commented that up to the transition period agency use had been relatively low. With the pending disestablishment of the CCG the decision to halt recruitment to substantive posts had been made to ensure flexibility as the organisation restructured; the risk regarding agency staff had escalated at that point. ST noted that the ICB had scored budgetary control as an area requiring further action in the Financial Sustainability self-assessment.</p> <p>JW asked whether there were risks related to IRS 35 and about future opportunities for permanent employment and apprenticeships and where this would be picked up. NA commented that no specific issues regarding IR35 had</p>	

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	<p>been identified and the issue was a potential risk if processes were not improved. In relation to apprenticeships NA observed that within a wider ICS there were greater opportunities to consider how the apprenticeship levy could be used.</p> <p>ED asked whether there were other areas for review given the historic lack of HR resource within the CCG. ED observed that ICB had recently appointed a substantive Chief People Officer. NA observed that other areas for potential review included staff training, staff appraisals and recruitment and retention for assurance. JB agreed and drew attention to the ongoing review of the Disabled Staff Reasonable Adjustment process as an example of an area for review. JB explained that the ICS people team included a focus on the system wide apprenticeship levy and the person leading this had been asked to include oversight of the ICB apprenticeships.</p> <p>JCa thanked colleagues for their comments. JCa noted the need to ensure that a committee was identified to monitor the Health Inequalities action plan and asked for this to be agreed by management. JCa explained that ICBs had been asked to complete a self-assessment regarding arrangements to manage Declarations of Interests. The ICB had returned a robust assessment that had been signed by the Chief Executive and JCa as Audit Chair and Conflicts of Interest Guardian. JCa asked for the news briefing to be circulated to the Committee Chairs for information.</p> <p>The Committee received the report</p>	<p>ST</p> <p>SC</p>
5	<p>Update on Safeguarding Audit Actions</p> <p>At this point in the meeting agenda item 7.1 was discussed with RS in attendance. JCa noted that there were a number of long standing open safeguarding audit actions. JCa explained the Committee was seeking an assessment of the current position and whether the actions could be closed and what learning could be taken to ensure that future actions were closed down promptly.</p> <p>RS explained the safeguarding team had worked to ensure that there were team by team audit trails of high-level safeguarding training demonstrating compliance. The team was working with ICB colleagues to devise a method for the Level 3 safeguarding training records to be added to the ICB training record platform to as part of the one stop mandatory training record. JCa asked if this was something the digital team could support. RS agreed to review this.</p> <p>NA commented that if the risk raised in the initial report could be managed through a different method to that set out in the action this could be raised and explored with the auditors to enable the action to closed. It was important to consider the risk initially identified and whether the proposed actions mitigated it. RS welcomed the opportunity to discuss the mitigations further with the</p>	<p>RS</p>

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	<p>auditors. It was agreed that RS and NA would discuss this further. RS drew attention to the actions relating to the Safeguarding Strategy explaining the ICB would liaise closely with local authority colleagues in relation to Adults' and Children's Safeguarding. The three local authority annual reports were being finalised through the Safeguarding Partnerships. It was proposed to bring the reports through the Outcomes, Performance and Quality Committee for formal sign off. These reports would form the basis of the strategy. There were ongoing discussions regarding a review of safeguarding arrangements to understand opportunities at a system level. This would also inform the longer-term ICS strategy.</p> <p>ED commented that the development of the strategy was a medium-term objective and asked what the risk identified in the original audit was and how this could be mitigated in the short term? RS explained that the team worked to safeguarding priorities stemming from the national safeguarding strategy and the three local authority work plans. ED asked if there was an opportunity to revisit this with internal audit to understand if these arrangements sufficiently mitigated the risk. NA noted that as the system context had developed the risks and mitigations needed to be considered to ensure they remained relevant. NA agreed to review these issues with RS and to provide a further update to the Committee. AM agreed it would be helpful to revisit the initial risk to understand the relevance of the mitigations given the changing context. It was agreed an update would come to the February Committee meeting.</p> <p>The Committee received the update</p>	<p>RS/NA</p> <p>RS/NA</p>
6	<p>Counter Fraud and Security Management progress report</p> <p>EH drew attention to the emerging risk relating to cyber-enabled bank mandate fraud. The counter fraud team had worked with organisations to prevent and recoup losses. The approach taken had changed from a potential risk to one that assumed organisations would be targeted. The report set out the guidelines for the ICB to follow to reduce the risk of bank mandate fraud. The prevention work undertaken with the ICB finance team was highlighted. The reactive work completed in response to the bank mandate fraud reported was set out in the report and in item 7.4. EH drew attention to the other investigations included in the report. Two investigations related to agency timesheets, one of which was reaching closure and the second progressing to interview under caution with police assistance. A further investigation linked to procurement was underway.</p> <p>AM asked how long the reported investigations had been open. EH confirmed that the oldest case had been opened in early 2022. It was noted that the cases were not significantly historic. EH explained evidence collation and submission and witness co-operation could delay the progress of investigations. It was agreed that more information would be provided in future reports. JW asked if</p>	<p>SS</p>

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	<p>proactive work included a focus on phishing emails. EH explained the ICB carried out penetration testing and the counter fraud team were developing testing exercises to include in future plans.</p> <p>The Committee considered item 7.4 Bank Mandate Fraud. ST explained that the ICB had recovered the majority of funds lost due to the fraud. Awareness of bank mandate fraud had risen significantly across the finance team and additional training had been held for staff both across the organisation and specifically for the finance team. CC explained that relationships with SBS had been strengthened enabling the control environment to be reviewed and strengthened. JCa asked if the ICB management was content with the response from SBS. CC confirmed that processes were now aligned to provide assurance to both parties. There was now a better understanding across both organisations of the check and challenge processes. JCa asked if there were other areas where the ICB was potentially exposed. CC confirmed the ICB would work with the SBS account manager to identify and strengthen other potentially exposed areas</p> <p>The Committee noted the report</p>	
7	<p>External Audit Plan</p> <p>GTR provided an update on the plan distributed. The Month 3 audit would be structured using a single team of auditors across all CCG Month 3 audits with a specific focus on different elements of the audit. This approach had been used successfully in other regions. The Grant Thornton Audit Leadership Team would continue to be involved. Attention was drawn to the materiality set out in the paper. GTR explained this had been reviewed and increased to £9.1 million. A revised document would be sent to the ICB. A Value for Money report for the three months would be produced although given the reduced reporting period would not be as detailed as previous reports.</p> <p>ED asked about the change in audit approach and the level of engagement with the ICB management team. GTR explained that that the materiality had been increased as the control total applied for the full 12 months and not the 3 month period covered. As this reduced the risk, the level of materiality could be increased. ED asked about the change in approach used by the team and whether this had been discussed with the ICB management team. GTR explained the approach was being applied across the local client base and if successful would be carried forward into the ICB audit. The approach had been discussed with the ICB team. CC explained the process had been discussed with Grant Thornton. The approach would help mitigate the time pressure presented by the Month 3 audit which would be completed in quarter 4, ahead of the ICB quarter 2 to end of quarter 4 audit. Key contacts within Grant Thornton would be maintained. CC noted the approach was a development on the previous audits which had off site elements.</p>	

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	<p>JCa asked about the Value for Money report. GTR explained that guidance to inform the Value for Money Report was expected. Recommendations remaining open from the previous year's report would be reviewed to ensure that these followed through to the ICB where relevant. JCa asked if the ICB Value for Money Report would be more detailed. GTR confirmed this. JW commented on the opportunity presented by the Value for Money report and welcomed the more detailed report for the ICB. JW asked if there would be a greater emphasis on the Value for Money report moving forwards. GTR explained that the work would entail understanding the new ICB systems and ways of working, including changes in governance arrangements. JW observed that there was a clear framework for demonstrating Value for Money within Local Authorities and asked if a similar approach was being developed nationally for the NHS. ST highlighted the third core aim for ICSs focused on enhancing productivity and value for money. This has been reflected in the development of the medium-term financial plan. ST agreed to discuss this further with GTR. JCa noted a number of papers presented to the Finance, Estates and Digital Committee considered value for money and suggested sharing these with JW.</p> <p>The Committee received the report</p>	<p>ST/GTR</p> <p>ST</p>
8	<p>Update on Consultant Connect</p> <p>ST explained an agreement had been concluded with Consultant Connect following the legal challenge. The lessons learnt set out in the paper were highlighted. There would be more challenge and testing of procurement arrangements led by other organisations. The contracts team structure would be explored to enable procurement advice and guidance to be shared across the organisation. ST noted that the procurement was linked to NHSE funding made available at short notice. It was important in future that the ICB was clear regarding the decisions being made and ensured these were in its best interests.</p> <p>AM observed the issues arose from a joint procurement approach and noted the lessons identified. AM asked if there was Senior Responsible Officer for the procurement for the three organisations involved. AM noted the importance of adherence to the Nolan principles. ST explained it had been a complex arrangement across the three organisations. A key learning point was the ICB needed to assure itself regarding procurement processes followed when working with other organisations; this was not an area where the ICB could delegate responsibility to another body. JN commented it was not clear where the decision about this procurement had been made and it was important that there was clarity in future about how and where decisions were made. ST explained that the contracts team would in future provide expert knowledge across the organisation. The arrangement for a digital contract had been entered into by a part of the organisation that was not linked to the contract function and had not tested the arrangements. There were no future questions.</p> <p>The Committee received the report</p>	

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9	<p>Update on Counter Fraud Case See minute 6</p>	
10	<p>Corporate Risk Register (CRR) SC explained the CCR was an iterative document informed by Directorate Risk Registers (DRRs) which were reviewed monthly. The DRRs had been aligned to the new ICB structures. SC highlighted that the primary care delegation risks were to be added to the next iteration of the register.</p> <p>ED welcomed the covering paper which highlighted the core risks and asked about the opportunity for the committees to have a co-ordinated programme of deep dives into risks. ST noted that as risks were added to the CRR they were assigned to a committee. Where there were multiple committees named, the risk could potentially be overseen by the ICB Board or committees could agree on a lead body to avoid duplication. ED asked about the timescale for this. JCa noted that there would be a discussion about risk at the January ICB Board seminar. It was noted that the version of the CRR published was difficult to read and it was agreed a separate Excel version would be emailed to members in advance of the meeting.</p> <p>SC highlighted the committees included in the CRR and explained the majority of risks sat within the remit of the Outcomes, Performance and Quality Committee. SC agreed the CRR would align to the January risk seminar. The revised register could come to the February Audit Committee meeting. It was noted the risks identified at the January seminar would provide a focus for Committees.</p> <p>The was a discussion about the development of the Board Assurance Framework. JW asked how this aligned to the CRR noting it was important that the ICB had a register which all members contributed to. It was explained that the current CRR held risks that had been identified within the ICB. It was important that committees focused on strategic risks and how these were managed. It was explained that NHS organisations often had Board Assurance Frameworks which held ‘top-down’ risks to achieving an organisation’s objectives. It was noted that other partner organisations had different approaches with a single, public facing risk register. JCa thanked members for the comments which would inform the development of the January seminar and the ICB strategic risk register.</p> <p>The Committee received the report</p>	SC
11	<p>Matters for Information The Committee received the following matters for information:</p> <ul style="list-style-type: none"> • Losses and Compensation Payments • Waiver of Standing Financial Instructions • 2022/23 QI Information Rights Report • Managing Conflicts of Interest 	

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	<ul style="list-style-type: none"> Committee Workplan <p>JCa highlighted the Waivers of Standing Financial Instructions and asked members to share any comments regarding these with him. AM asked about the Information Rights Report and noted that there were a number of breaches reported relating to the Nursing and Quality Directorate and asked if there were concerns about capacity and plans to address this. SC agreed to discuss this further with AM to understand the assurances required.</p> <p>JN reflected on the earlier discussion regarding safeguarding and commented that it was important that the Committee avoided stepping back from its assurance role and becoming involved in operational matters. JCa welcomed the comment and observed the issue was that there appeared to be a theme relating to one directorate that related to assurances.</p>	
12	<p>Review of Meeting Effectiveness</p> <p>EH provided the review of meeting effectiveness and commented:</p> <ul style="list-style-type: none"> The meeting had been effective and the pre-meeting had been a useful discussion. There had been an important discussion of the Board Assurance Framework and Corporate Risk Register There had been a strong positive focus on system working, sharing information and lessons learnt. The discussion about understanding the risks underpinning audit recommendations had been helpful <p>JCa thanked EH for his contribution. JCa commented that he would raise the Assurance Deep Dives with the ICB Chair at the next Non-Executives Directors meeting. JCa thanked all presenters for their contributions to the meeting.</p>	
13	<p>Date of Next Meeting</p> <p>7th February 2023 10:00-12:00, MS Teams</p>	

Sarah Carr, Corporate Secretary, January 2023