

BNSSG ICB Audit and Risk Committee Meeting

Minutes of the meeting held on 19th April 2024 at 2pm, MS Teams

Minutes

Present		
John Cappock	Audit Committee Chair - Non-Executive Member	JCa
Jaya Chakrabarti	Non-Executive Member – People	JCh
Alison Moon	Non-Executive Member – Primary Care	AM
Jo Walker	Chief Executive Officer, North Somerset Council	JW
Steve West	Non-Executive Member – Finance, Estates and Digital	SW
Apologies		
Ellen Donovan	Non-Executive Member – Quality and Performance	ED
Jeff Farrar	Chair of BNSSG ICB	JF
Lorna Harrison	Sirona Non-Executive Member, Audit and Assurance Committee Chair	LH
Rob Hayday	Chief of Staff, BNSSG ICB	RH
Julie Masci	Director, Audit Grant Thornton	JM
Jane Norman	Audit Committee Chair - Non-Executive Member, UHBW	JN
In attendance		
Nick Atkinson	Head of Internal Audit, RSM	NA
Emma Brown	Head of Financial Services, BNSSG ICB	EB
Catherine Cookson	Associate Chief Finance Officer, BNSSG ICB	CC
Loran Davison	Team Administrator, Corporate Services, BNSSG ICB	LD
Victoria Gould	Client Manager, Internal Audit RSM	VG
Lucy Powell	Corporate Support Officer, BNSSG ICB (Note taker)	LP
Nic Saunders	Head of System Planning, BNSSG ICB (Observer)	NS
Rosi Shepherd	Chief Nurse Officer, BNSSG ICB	RS
Sarah Smith	Local Counter Fraud Service, ASW Assurance	SS
Sarah Truelove	Chief Financial Officer and Deputy Chief Executive, BNSSG ICB	ST
Gail Turner-Radcliffe	Manager, PS Audit Grant Thornton	GTR

	Item	Action
A	Meeting with Auditors without the Executive	
1	Welcome and Apologies	



	Item	Action
	<p>John Cappock (JCa) welcomed everyone to the meeting. Apologies were noted as above.</p> <p>JCa reminded members of the four aims of the ICB: to improve outcomes in population health and healthcare, tackle inequalities in outcomes, experience and access, enhance productivity and value for money and support broader social and economic development. JCa observed it was important to consider the agenda items in terms of all aims.</p>	
2	<p>Declarations of Interest</p> <p>There were no new declarations of interest and no existing declared interests pertinent to the agenda. Jo Walker (JW) noted that as an accountable person for safeguarding within the system she had an interest in the outcome and actions of the safeguarding internal audit report.</p>	
3	<p>Minutes of the Previous Meeting and Action Log</p> <p>The minutes of the previous meeting was agreed as a correct record.</p> <p>Alison Moon (AM) noted that at the previous meeting she had asked about the requirement of a quality element within the annual reporting. Sarah Truelove (ST) confirmed that in the absence of Rob Hayday, Jen Bond, Director of Communications and Engagement, was drafting the annual report and Michael Richardson, Deputy Director of Quality and Nursing, had been providing information for this. The draft annual report would be presented to the various ICB Board sub-committees as required. It was confirmed that a form of AGM would be included as part of the ICB Board September meeting.</p> <p>The Committee reviewed the action log: Action 55 – ST confirmed that Dave Jarrett would contact the internal auditors to explain the delay for the audit. An update would be provided for the next meeting. All other due actions were closed.</p>	
4.1	<p>Internal Auditor 2023/24 Progress Report</p> <p>Nick Atkinson (NA) noted that three reports had been finalised and 5 management actions remained outstanding. It was expected that updates would be received and the actions closed soon. Any updates would be reflected in the next report.</p> <p>Two reports remained in draft, Risk Management and Governance in Place. Staff sickness had affected the risk management report and it was expected that this would be delayed. ST agreed to review the report and provide an update. NA confirmed that the toolkit work was underway for 2023/24, with the deadline of the 30th June 2024.</p>	

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<p>NA highlighted part 2 of the project gateway audit and noted that the gateway had only been utilised for system based projects and therefore it had been agreed that the audit would also provide a view on wider project management. The audit would be completed next week and conclude the work for 2023/24.</p> <p>Three final reports were presented to the Committee. The financial control report had identified a couple of payroll contract issues but was broadly positive. Two reports had received partial assurance, funded care and safeguarding. Rosi Shepherd (RS) was welcomed to the meeting.</p> <p>NA noted that nationally funded care audits for ICBs had not received substantial or reasonable assurance for systems and processes and explained that nationally teams were pressured. NA noted that it had been positive that the BNSSG ICB funded care team had directed the internal auditors to areas of challenge and known issues. The management actions had been developed to support the teams and build on the improvement work already in train. NA highlighted that there were a number of processes which had been identified as complicated and onerous, particularly around month end. There had been a concern around staff authorising payments above their authorisation limits. The audit had focused on the high cost packages and it had been noted that this was also an area of focus for the team. NA confirmed that the gaps in control were consistent with those seen in other ICBs.</p> <p>RS explained that a review was taking place of the structures across all the funded care teams as controls and sign off processes were inconsistent. The restructure would also support teams with staffing gaps. RS explained that the legal framework for funded care decision making processes did not fit neatly with patient requirements which was a recognised challenge. Despite this, the BNSSG ICB team was one of the highest performing teams in the South West.</p> <p>AM welcomed the report and highlighted the importance that audits were undertaken in challenging areas. AM noted that the audit focused on systems and processes which was a benefit for a high demand service. AM noted that the actions were clear but the management response outlined tight deadlines for achievement. RS noted that following the outcome of the Shaping our Future programme, it would be sensible to review these again.</p> <p>AM noted that invoices had been authorised by staff without the correct authorisation limits and asked whether these issues were organisation wide. NA explained that other parts of the system utilised the Purchase Order (PO) system through Shared Business Services (SBS), the automation of which made breaking authorisation limits impossible. RS confirmed that improvement plans for 2024/25 included a review of the brokerage function to streamline the service and utilise digital solutions. RS noted that the work was currently</p>	

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	<p>extremely labour intensive with invoices being checked weekly against care plans. RS noted that part of the authorisation limits issue was that regular payments and top up packages may be within a persons limit to approve but the system would combine these payments which may tip above an user's limit. RS explained that ideally this work would take place alongside the local authorities to create one portal but that would cause different risks to be managed around price control, price caps and local variation. ST noted that work was ongoing to improve these processes.</p> <p>Emma Brown (EB) noted that financial services had an established process for payments made outside the PO system. Email authorisation was kept for each payment approved and budget approval limits were checked before payment.</p> <p>JW noted that different issues with processes had been raised as part of the Director of Adult Social Services network and it was clear that there was work to do to fully understand the issues from both sides. JW also noted that the challenge of the single portal was the variation of payments between the areas. RS agreed and noted the importance that inflation was not raised in other areas. ST noted that CHC and Section 117 had been raised with Section 151 officers, the support of the group to get transparency across the various spends would be helpful and this work had started.</p> <p>NA highlighted that the safeguarding audit had included the traditional elements such as training rate compliance and explained that if the audit had been purely about ICB processes then the assurance would have been higher. NA welcomed the broader system focus of the audit to determine the impact of the ICB processes on the system. NA noted that the systems and programmes had not yet achieved the aims within the system and the assurance rating had been based on the outcomes having not been achieved. NA confirmed that the ICB had tried to take the right steps and engagement in driving the work through to see positive outcomes. NA highlighted the positive use of audit services to improve ways of working in challenging areas.</p> <p>RS was confident that internal compliance with rapid reviews and core ICB statutory duties were better in 2023/24. The team was strong and resilient and next steps had always been to further support the pan BNSSG system. RS had met with the new Directors of Children's Services who were eager for closer system working. The safeguarding team were developing what pan BNSSG working arrangements would look like and this included embedding learning into the wider decision making of the Integrated Care System (ICS) and working as a learning and assurance system. RS noted that now the Shaping our Future programme had ended, she had met with the safeguarding team to kick start the work. RS explained that part of the work was determining which of the system meetings it was appropriate for the ICB to attend and which needed</p>

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	<p>appropriate health system partner attendance and the system needed to be clear on which organisation that was.</p> <p>JW acknowledged that the system was on a journey and significant work was ongoing in early child safeguarding. JW provided assurance that the ICB continued to work with the local authorities and noted that she had challenged the police around their organisational accountability in terms of the input into safeguarding for children’s services under the new Working Together Directive. RS confirmed she had met with the police to discuss accountability and development of a governance organogram to ensure that the wider system was compliant with the Working Together guidance.</p> <p>AM welcomed the wider system working but noted that the report stated that system partners had not signed up to partnership agreements and Memorandums of Understanding. AM asked how this would impact patients. AM noted that the transformation programme outlined that a plan would be in place by June 2024 and asked whether this was an area which needed to change at pace to support vulnerable individuals. RS confirmed that all system Chief Officers had signed up to the transformation programme despite some discomfort at the start. RS explained that having the new Director of Children Services in place had moved this work forward. It was noted that the problem statement would be developed and then the timelines would be reviewed. JW reminded RS that the local authority Chief Executives would support the ICB in unblocking areas of concern.</p> <p>AM highlighted that NHS England had released the commissioning framework for mental health inpatient services and asked whether the ICB had considered the overlap for its services. ST confirmed that the ICB was aware of this and the work required was taking place. ST noted that there needed to be further consideration on where updates needed to be received.</p> <p>The Audit and Risk Committee received and discussed the Internal Audit Progress Report</p>	
4.2	<p>Internal Audit Workplan 2024-2025</p> <p>There had been good engagement with the ICB when developing the workplan and NA had met with the executive team and received feedback. The ICB continued to try to find the balance between auditing the ICB as an organisation and its wider system role. Several audits had been developed with both elements particularly the people risks and people committee audit which had been amended to include the ICS following discussion with the executive team.</p> <p>JCa was content with the plan as it covered the areas where Committee and Board members had raised that more consideration was needed.</p>	

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	<p>AM asked whether the internal auditors would consider a second audit in some areas rather than tracking management actions. NA explained that the management actions were developed so that evidence was required to show the work had been completed as well as performance metrics to show it had the required impact. NA noted that this approach was effectively the same as a second audit but less labour intensive. Steve West (SW) asked whether the Audit and Risk Committee could request another audit if progress was not sufficient. NA confirmed this was the case as the workplan had an element of agility.</p> <p>The Audit and Risk Committee discussed and approved the Internal Audit 2024/25 Internal Audit Plan</p>	
4.3	<p>Draft Head of Internal Audit Opinion 2023-24</p> <p>NA presented the Head of Internal Audit Opinion noting that this had been determined with the ICB one year further on as an organisation. The opinion was the same as last year although there had been a higher bar set to reflect the developing organisation. NA outlined the challenges faced by ICBs which included the restructures and being clear on the ownership for actions. NA noted that the final areas of fieldwork were unlikely to change the opinion.</p> <p>JCa asked whether there were any lessons for next year. NA confirmed that learning had been around engagement and ownership and those conversations had happened through greater engagement with the executive team and by ensuring that the actions were assigned and escalated to the right people. ST highlighted the organisational development work developed following the Shaping our Future programme which would support how the directorates worked together and provide clarity on the responsibilities across the organisation,</p> <p>The Audit and Risk Committee received and discussed the Draft head of internal audit opinion 2023/24</p>	
5.1	<p>Counter Fraud and Security Management Progress Report</p> <p>Sarah Smith (SS) presented the report and updated the Committee on the Economic Crime and Corporate Transparency Act 2023. The NHS Counter Fraud Agency (NHSCFA) received draft guidance which indicated that once the Act was finalised and issued nationally, a 6 month implementation period would be applied after which the failure to prevent an offence would come into effect. The NHSCFA also launched their new external reporting suite for which the data would be updated quarterly. This was available for the local authorities and there was a dedicated area for Directors of Finance and Audit Chairs. SS reported that in January 2024 the NHSCFA announced a nationally led proactive exercise focusing on due diligence and contract management. The local counter fraud team have contacted SBS and the local Commissioning Support Unit (CSU) to understand what assurance can be derived from this</p>	

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	<p>exercise by the ICB. It was understood that the CSU would not be undertaking this work on behalf of the ICB.</p> <p>SS reported that Gareth Cotterell had won the Public Sector Counter Fraud award for Outstanding NHS Initiative for his work to start the Fraud Champions Network. The local counter fraud team continued to provide newsletters and updates to the ICB and continued to attend the Corporate Policy Review Group. The ICB compliance rate for the counter fraud eLearning was 89% and this was reflected in the contact made by ICB colleagues to request advice and report concerns. The Council for Function Standard return was due for submission at the end of May and SS reported that the ICB would be submitting green for each component which provided assurance that the anti-fraud culture within the ICB was well embedded.</p> <p>The Committee congratulated Gareth Cotterell on his award. JCa noted that it was a good initiative and having sat in on a few of these helpful meetings.</p> <p>The Audit and Risk Committee received the Counter Fraud Interim Report</p>	
6.1	<p>External Audit Update</p> <p>Gail Turner-Ratcliffe (GTR) provided the update and noted the amendments made to the audit plan. Guidance had been received that the materiality for senior officer remuneration should be set at £20,000 per individual senior manager. GTR confirmed that this would not affect the testing but meant that senior managers may not choose to adjust any details if they were out by under £20,000. The Value for Money risk assessment had been completed and there were no proposed changes to the audit plan.</p> <p>GTR confirmed that the majority of the planning work had been completed and some early testing work had started. The audit was moving to field work and at the next Audit and Risk Committee the audit will be completed.</p> <p>To date two findings had been noted from the planning work. The first was that the Assistant Head of Financial Services had the highest access level in Oracle, and this had been reported in previous years. Testing would be focused in this area to provide assurance. The second was that users could approve their own journals. GTR explained that this was a manual mitigation put in place by the ICB to bypass a system limitation. This had also been reported in previous years and again testing would take place to provide assurance.</p> <p>JCa asked whether anything unexpected had been found during the initial testing. GTR reported nothing had been found.</p> <p>Jaya Chakrabarti (JCh) asked whether the self-approval of journals was the result of a technical issue and whether other systems had the same</p>	

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	<p>experiences and workarounds. Catherine Cookson (CC) confirmed this was something that had been implemented locally and allowed senior management accountants and above who had been properly trained to approve their own journals. CC confirmed that two processes had been implemented based on the skills and experience of the individual and the mitigation was for those staff who post their own journals. CC noted that monthly review and spot check processes were in place and the workaround had been implemented following discussions with internal audit and based on the recommended practices from other organisations. CC noted that the new financial system would likely not let users generate and post the same journal. GTR noted that this was consistent across other ICBs using the same system but this was an area of focus within the audit.</p> <p>The Audit and Risk Committee received the update from External Audit</p>	
7.1	<p>Annual Accounts Process and Year End Plan</p> <p>CC confirmed the template for month 12 had been submitted and the draft position was that the ICB was £8000 in surplus. A meeting had been arranged between CC, ST and Jon Lund to review the draft annual accounts prior to submission next week. CC confirmed that alongside the annual accounts, there were a number of NHS England templates which would be submitted, as well as the draft annual report. The ICB was in discussion with the external auditors about the audit process and the benefit of a hybrid approach of remote and onsite meetings and visits.</p> <p>JCa asked whether there was anything unusual about this year's processes or whether the usual protocols and treatments would apply. CC confirmed it would be business as usual this year with only one set of accounts to develop and confirmed that there had been no significant changes in accounting practices. CC noted that comparator for the income and expenditure in the 2023/24 accounts was against the 9 months of the 2022/23 accounts which would look slightly out of place.</p> <p>The Audit and Risk Committee received the update</p>	
7.2	<p>Governance Statements and Statement of CAO Responsibilities, and verbal update on Draft Annual Report</p> <p>ST presented the draft governance statement explaining that the statement consisted of a standard format which the ICB added specific requested data to. ST highlighted the elements of the statement which described the risk appetite statement work and the work to put in place the Standard Operating Procedure for the identified financial risk. ST drew the Committees attention to the head of internal audit opinion included and ST confirmed that the outcome of partial assurance for the risk management audit had also been included in the governance statement. ST noted that the Committee had not yet received this draft audit report but this would be presented in June. Jen Bond was drafting the annual report and this would be submitted next week. ST confirmed that the</p>	

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<p>draft annual report and accounts would be presented to the ICB Board with a request that approval was delegated to the Audit and Risk Committee in June.</p> <p>JCa believed that statement read well and was a fair reflection of the core business of the ICB. JCa liked the references to the decision making framework.</p> <p>NA noted that he had a number of small comments to make regarding the statement and would feed those back to ST early next week. NA believed that the statement was a fair reflection of the ICB and felt that there was a good balance of narrative and metrics.</p> <p>JCh noted that ICB Board and Sub-Committee attendance was outlined in the statement and asked whether attendance and turnover was an effective measure of quality and effectiveness of the ICB Board and whether there was a further measure which could be considered. ST confirmed that the ICB Board and Committee effectiveness work had not started yet but would begin shortly and as part of the planning would consider the measures which could best assess effectiveness. JCa highlighted that the Governance Statement had a prescribed purpose so there was no opportunity to include this but noted that the board development sessions were an area which could potentially feed into the review work. SW highlighted that the work of the Board, in both meetings and seminar sessions, was something which could be reflected in the annual report and provide more information on the future priorities of the ICB. It was noted that the annual submissions did not offer the opportunity to reflect all the good work of the ICB Board and Sub-Committees. ST explained that there had been discussion about holding a development session for the ICB Board based on the three horizons model which would support amending the structure of ICB Board agenda to reflect which items were for now and for the future. ST explained that these considerations would be included as part of the effectiveness review.</p> <p>JW commented that the governance statement was focused on health rather than system wide which may be due to the constraints of the submission. JW noted that previous ICB Board discussions around prevention, all age populations and the wider determinants of health had not been reflected in the statement and believed that including these would make the statement feel more community focused.</p> <p>ST thanked everyone for their feedback and agreed to review it again with Shane Devlin for the submitted version.</p> <p>The Audit and Risk Committee discussed and provided feedback on the draft Governance Statement</p>	<p>NA</p>

	Item	Action
7.3	<p>ISFE 2</p> <p>CC explained that the ICB had not been given an implementation date for the new system. The expected date of implementation had been the 1st April but no update had been received. The NHS England project management team were working with the local CSUs to procure support. The ICB finance team had undertaken a significant amount of housekeeping in preparation of the changes and the financial services team had engaged with the CSU to determine the impact of implementing a more robust PO system and the resource implications of this. The ICB recognised that there were risks around the new system which were linked to the delay in confirmation and ensuring that any changes to the finance system complied with the ICB Standing Financial Instructions. Mitigations had been put in place for these risks.</p> <p>The Audit and Risk Committee noted the report</p>	
7.4	<p>Corporate Risk Register</p> <p>ST highlighted the two highest risks on the register. The first related to the Shaping our Future programme and the risk that talented staff would leave the organisation through uncertainty. An organisation development plan had been created with engagement from the Staff Development Forum, whole staff events and directorate discussions. The directorates would have time to further discuss their responsibilities prior to another whole staff event in May 2024. The ICB was shifting its focus to the future to identify the purpose of the ICB and develop a clear business plan for the ICB over the next year to support the activities of the system.</p> <p>The second risk related to the Central Weston development. This risk had been mitigated by the decision made at the ICB Board regarding the head lease and once this decision was approved by NHS England then the risk would be closed. ST noted that for the risk around the £1.5m of capital, monies had been shifted around the system to ensure that capital available for the project.</p> <p>ST asked the Committee to consider whether the oversight Committees named on the risk register were correct and noted that the cyber security risk was currently attributed to the Digital Delivery Board but ST felt that this was more appropriate for oversight by the Finance, Estates and Digital (FED) Committee. JCa supported FED as the oversight Committee for the issue and SW agreed as the risk was significant enough to be considered at ICB Board sub-committee level.</p> <p>JW asked for an update on the community mental health risk. ST confirmed that the ICB had met with AWP who were working on a prioritisation paper which would be presented to the Mental Health HCIG. The paper would consider how contracts could be grouped for prioritisation to mitigate this risk.</p>	

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	The Audit and Risk Committee received the Corporate Risk Register for discussion	
8	<p>Matters for Information</p> <p>The Committee received the following matters for information:</p> <ul style="list-style-type: none"> • Losses and Compensation Payments • Waiver of Standing Financial Instructions • Information Rights Report • Management of Conflicts of Interest 6 monthly report • Audit and Risk Committee Workplan <p>AM noted that at the previous meeting she had asked for more information regarding a specific single tender waiver. AM thanked Joe Poole, Head of Locality, who had provided a comprehensive response which explained that the funding amount had been set nationally so the teams had been considering the best use of the resource rather than considering the funding required.</p> <p>The Audit and Risk Committee received the matters for information</p>	
9	<p>Review of Meeting Effectiveness</p> <p>NA provided feedback on the meeting effectiveness:</p> <ul style="list-style-type: none"> • NA welcomed having the appropriate executive director at the meeting to discuss the outcome of the internal audit reports. This had been beneficial for assurance to the Committee. • NA welcomed the system view when discussing internal issues and believed that this system view would continue across the ICB following the organisational development. • NA believed that the challenge and scrutiny was good and reflected on how well JW balanced the interests of a system leader with supporting the ICB. • It was clear that members had read the papers in advance. • NA reflected that some of the feedback provided for the governance statement could be transferred to the annual report which unfortunately had not been presented at the meeting. • NA praised the positive feedback provided to staff and teams throughout the meeting. • NA felt that GTR and CC had presented their papers clearly and provided appropriate update after which members had asked the right questions which had led to an effective meeting. 	
10	<p>Any other business</p> <p>There was no other business</p>	
	<p>Date of Next Meeting</p> <p>Friday 21st June 2024: 2.00pm – 4.00pm</p>	
B	<p>Members meeting with the Executive without Auditor</p> <p>There was no business to discuss</p>	

Lucy Powell, Corporate Support Officer, April 2024