

BNSSG ICB Audit and Risk Committee Meeting

Minutes of the meeting held on 25th June 2024 at 2.00pm via Microsoft Teams

DRAFT Minutes

Present		
John Cappock	Audit Committee Chair - Non-Executive Member	JCa
Jaya Chakrabarti	Non-Executive Member – People	JCh
Ellen Donovan	Non-Executive Member – Quality and Performance	ED
Lorna Harrison	Sirona Non-Executive Member, Audit and Assurance Committee Chair	LH
Alison Moon	Non-Executive Member – Primary Care	AM
Steve West	Non-Executive Member – Finance, Estates and Digital	SW
Apologies		
Rob Hayday	Chief of Staff, BNSSG ICB	RH
Julie Masci	Director, Audit Grant Thornton	JM
Jo Walker	Chief Executive Officer, North Somerset Council	JW
In attendance		
Nick Atkinson	Head of Internal Audit, RSM	NA
Jen Bond	Deputy Director of Communications and Engagement, BNSSG ICB	JB
Beth Bowers	Public Sector Audit Director, Grant Thornton	BB
Catherine Cookson	Associate Chief Finance Officer, BNSSG ICB	CC
Shane Devlin	Chief Executive, BNSSG ICB	SD
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
Sarah Smith	Local Counter Fraud Service, ASW Assurance	SS
Sarah Truelove	Chief Financial Officer and Deputy Chief Executive, BNSSG ICB	ST

	Item	Action
A	Meeting with Auditors without the Executive	
1	Welcome and Apologies John Cappock (JCa) welcomed everyone to the meeting. Apologies were noted as above.	

	Item	Action
	<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> <p>JCa explained that following delegation from the ICB Board, the ICB annual report and accounts would be presented to the Committee for approval. JCa suggested that for future years a meeting was set up at the end of June to conclude external auditor business if required.</p>	RH/LP
2	<p>Declarations of Interest</p> <p>There were no new declarations of interest. Nick Atkinson (NA) and Victoria Gould (VG) declared an interest in item 9 as RSM was one of the organisations procured through a single tender waiver. It was confirmed that the waiver was presented for information only and NA and VG could remain in the meeting for the item.</p>	
3	<p>Minutes of the previous meeting held and Action Log</p> <p>The minutes of the previous meeting was agreed as a correct record and it was confirmed that there were no outstanding actions.</p> <p>Alison Moon (AM) highlighted that the Committee Effectiveness Reviews mentioned in the minutes had not started yet and asked for an update. Sarah Truelove (ST) agreed to provide an update outside the meeting.</p>	ST
4.1	<p>Internal Auditor 2024/25 Progress Report</p> <p>NA confirmed that the progress report outlined the position of the 2024/25 audits and provided a look forward on the upcoming work.</p> <p>The Audit and Risk Committee received the Internal Audit Progress Report</p>	
4.2	<p>Internal Audit Annual Report and Head of Internal Audit Opinion 2023/24</p> <p>NA confirmed that the draft headline opinion remained unchanged but confirmed that it was closer to the line indicating greater weaknesses than previous years and NA explained that the ICB had received more reports with partial assurance in 2023/24. NA noted that the risk management audit had received partial assurance and although understood that the ICB was taking the time to ensure that the right processes were in place, NA would have expected the processes to have moved further forward than they had and the partial assurance opinion reflected this. NA generally agreed with the proposed process and the mechanism to develop the process but more work was needed to align the risks through the strategic aims. A number of improvement actions had been</p>	

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	<p>suggested which included ensuring that risk management was a whole ICB consideration.</p> <p>NA noted the three outstanding reports; Governance at Place, Data Security Protection (DSP) Toolkit and Project Gateway (part 2). The fieldwork had been completed for these and the internal auditors were waiting for the management responses.</p> <p>Governance at Place was an advisory audit and the audit had determined that the ICB was undertaking similar processes to other ICBs but was taking longer to implement the systems. NA noted the importance of implementing the work to ensure that the ICB had oversight of the risks without stifling innovation and creativity. NA noted that the Governance at Place plans were moving in the right direction. The DSP Toolkit was being finalised to be submitted on the 30th June. The Project Gateway audit had received partial assurance but was not fundamental to the overall opinion. NA explained that the audit had indicated that the process worked well and the right controls were in place but it wasn't clear which projects should be taken through the gateway and therefore it wasn't clear how project assurance could be obtained. ICB management had broadly agreed with the audit but the audit had taken longer as the Executive Team had considered how assurance was provided for both projects that went through the Gateway and those that didn't. NA confirmed that the three reports would be presented at the next meeting and the outcomes of these had been considered as part of the Head of Internal Audit Opinion.</p> <p>ST highlighted the risk management audit and explained that the ICB had implemented monthly Extended Leadership Team (ELT) meetings during which senior staff from across the ICB would review the risk register. ST noted that having risk as a standing item at these meetings would embed directorate risk processes and confirmed that a paper would be presented to a future Audit and Risk Committee meeting to provide assurance on the process. NA offered internal audit support for the process if required.</p> <p>ED highlighted that across both the internal and external auditor reports concerns were raised about whether the ICB had the capacity to implement the risk management framework and noted that a lack of governance capacity had been raised when considering the risk management processes and the comparison to other ICBs. ED noted that there appeared to be a lack of governance oversight and asked whether the governance structure was robust enough. ED suggested that the ICB was lacking the central governance lead who checked for gaps and actively followed up governance actions. ED</p>	

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	<p>commented that the ICB had this structure previously but this was not currently in place.</p> <p>AM noted that NA had commented that the audit opinion was closer than he would have liked and asked what NA would have wanted to see to change that opinion. AM also noted that the risk management actions were due by the end of July 2024 and asked whether given the capacity of the function, was the ICB able to deliver the actions in the right way. NA noted that this was the second opinion for the ICB but the first for a full year. The auditors had expected that for 2022/23 there would be developing processes, however there was an expectation that by the second year some of these developing processes would be embedded. NA acknowledged that the 30% reduction in running costs had affected the ICB's ability to embed some of these systems and controls but even with the organisational change it was expected that some processes would be further developed. NA also explained that the ICB had received partial assurance in some of the more mainstream audits such as safeguarding and risk management which affected the opinion. NA explained that to improve in the core areas, the ICB would need to embed the proposed control systems.</p> <p>ST explained that the ICB had implemented the 30% reductions before other ICBs and this had had an impact on the organisation in terms of capacity which affected the implementation of management actions. ST noted that some of the recommendations from the risk management audit would be easier to implement and noted that the work with the ELT had been designed to support a less resilient organisation. ST noted that the Chief of Staff role had been developed as the central governance lead and Nic Saunders was also working in the area of risk to provide more resilience. ST noted that plans were in place to further discuss the structure of the Office of the Chair and Chief Executive. ST noted that although there remained illness in the governance team, the ICB needed to continue to deliver what was required.</p> <p>ED noted her earlier comments regarding capacity in the governance team and suggested that even with the Chief of Staff in place, there didn't appear to be the robust processes that were in place previously. JF noted that the ICB had been in a very challenging place recently but recognised the capacity and capability challenge raised by ED and agreed that there needed to be assurance that the ICB had grip and focus on governance. JF confirmed that the Non-Executive Directors would need assurance and suggested that this was discussed at their next meeting particularly around the coordination between the Non-Executive Directors, the Executive Team and the Committees. JF noted that the Non-</p>	

	Item	Action
	<p>Executive Directors would discuss risk regularly and consider how they could be held to account for the risks.</p> <p>JCa was content with the Head of Internal Audit Opinion and thought that it was a fair reflection given the challenges. JCa highlighted the importance that the Executive Team continued to use internal audit processes to shine a light on areas which needed support and improvement.</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 Annual Report</p> <p>Sarah Smith (SS) presented the ICB 2023/24 annual Counter Fraud report. SS confirmed that the information within the report complied with the NHS Counter Fraud Authority (NHSCFA) annual report model templates. SS outlined that the report set out the components of the counter fraud functional standard, the work which was planned against each of the standards and what was achieved. SS noted that it was a requirement for the ICB counter fraud functional standard return to be included in the annual report and this had been included exactly as displayed on the NHSCFA portal. SS confirmed that the overall self-assessment was green for all components. SS noted that following approval of the annual report this would be signed by Sarah Truelove on behalf of the ICB.</p> <p>AM noted that the Committee had been kept well informed throughout the year and therefore was unsurprised by the green rating. AM asked whether the ICB challenged itself and was the self-assessment checked that it was a fair representation. SS explained that the report had been developed through review of the work undertaken during the year and there were some areas which could be measured effectively, such as staff knowledge. SS noted that there were some areas which could not be tested as rigorously. SS believed that the assessment was fair and noted that other organisations had received less favourable reports. SS explained that it wouldn't benefit the Counter Fraud team to be generous with the assessments as there would be an engagement visit from the NHSCFA who would identify any concerns not raised in the self-assessment. SS also recognised that the Counter Fraud Team had worked hard to engage with BNSSG ICB and were well embedded within the organisation. The report reflected the willingness of the ICB to work with the Counter Fraud Team and contact the team with concerns. JCa welcomed the culture focused approach to embed counter fraud in management processes.</p> <p>SW asked whether there were any increasing trends or any concerns in other organisations the ICB should be aware of. SS confirmed that NHSCFA collated a</p>	

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	<p>regular intelligence report which included reports from the public and staff. SS noted that some of the areas reported were outside of the remit of Counter Fraud and therefore it was difficult to pinpoint particularly themes. SS highlighted that simultaneous employment was a key area of focus but noted that as the ICB was a smaller organisation it was unlikely simultaneous employment would be a concern in the same way as at the larger Trusts. SW asked if this had increased due to remote working. SS agreed and explained that that Counter Fraud team would review the ICB hybrid working policies and procedures to ensure that enough controls had been included to identify instances of simultaneous employment.</p> <p>Jaya Chakrabarti (JCh) noted that whistleblowing was not included in the report. SS explained that whistleblowing was not part of the Counter Fraud remit but the team would consider whether the information received through this route needed counter fraud team input. ST agreed noting that whistleblowing was much wider than fraud but the counter fraud team would be informed if needed.</p> <p>The Audit and Risk Committee approved the Counter Fraud and Security Management Annual Report</p>	
6.1	<p>External Auditors Annual Report (Value for Money)</p> <p>Beth Bowers (BB) presented the Annual Value for Money Report and highlighted that across the three areas of work one significant weakness in governance arrangements had been identified which had resulted in a key recommendation. A number of other improvement recommendations were identified across all three areas and those recommendations reflected best practice for the organisation often identified from elsewhere across the NHS.</p> <p>JF noted the significant weakness which outlined that grants to external bodies had not been captured on the appropriate NHS template and senior finance officer and committee oversight had been inadequate. JF asked whether systemic failings had been identified or whether it was an isolated incident. BB confirmed that systemic failings had not been identified but two instances had been identified and therefore the judgement had been made that this constituted a significant weakness. JF asked whether there were any immediate actions the ICB needed to take in response to the significant weakness identified. BB confirmed that no immediate action was needed but a number of recommendations had been outlined which should be implemented by the ICB to improve processes. ST explained that the situations had arisen through ICB staff trying to do the right thing but not following ICB processes. The ICB would put in place robust processes and ensure that these were implemented across the organisation. JF noted that there would be occasions where action needed to be</p>	

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	<p>taken outside of processes but it was important that it was outlined clearly why this had been the case. JF asked for a review and lessons learnt paper to be presented at the next Committee meeting.</p> <p>ED noted that the internal and external audit reports contained actions for the Non-Executives as Chairs of the Committees and agreed that it was important that the non-executives discussed these recommendations. ED noted there was a specific action around ensuring that the ICB had appropriate arrangements in place to report quality and performance which ED would need support from the ICB Executive Team and Committee Chairs to enact. ED asked whether there was best practice from other areas which could be shared. BB noted that best practice processes were organisation specific and dependent on the governance arrangements in place but the recommendations made in the report were often based on best practice seen elsewhere. BB provided an example of other organisations who identified leads for the recommendations on the external audit tracker and these leads reported on the progress of the recommendations to the appropriate oversight Committee with the organisations Audit Committee having oversight of all the recommendations.</p> <p>The Audit and Risk Committee received and discussed the External Auditors Annual Report (Value for Money) 2023/24</p>	ST
6.2	<p>External Auditors Annual Accounts Findings Report</p> <p>BB highlighted that there had been a change to the key partner for the BNSSG ICB audit. ICB Management had been made aware of the situation and when it became clear that the previous auditor would be unable to complete the audit, BB had stepped in to undertake the Audit. BB was unable to rely on the work of the previous auditor and therefore needed to start again. BB thanked the ICB team for answering her questions in the short timescales.</p> <p>BB explained that some areas remained outstanding and the auditors were working with the ICB to answer the queries. An unqualified opinion was proposed and this was expecting to be certified as the Value for Money work was completed. It was expected that an unqualified regularity opinion would also be issued but there was one outstanding query which could affect this position. The auditors continued to keep the ICB management updated on developments. The report outlined the changes made to the audit approach from the original plan and the update and progress report. These set out the additional significant risks identified and the areas which were reviewed in more detail. The materiality threshold had been slightly amended as a result of the ICB taking on new responsibilities in relation to Pharmacy, Ophthalmology and Dentistry (POD) services. One adjusted misstatement had been identified but this did not have an</p>	

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	<p>impact on the primary statement but amended both income and expenditure within the primary statement. The auditors identified a small number of misclassification adjustments and an immaterial level of unadjusted misstatements were reported. Control recommendations had been identified for ICB management to consider and the responses to those were deemed appropriate. BB confirmed that two specific representations had been noted in the Letter of Representation, the grants issue and confirmation that the unadjusted misstatements did not move the ICB out of the current surplus position.</p> <p>JCh noted that with the audit checks taking place at the end of the year, was there a specific area where any underspend identified could be applied. ST noted that that the ICB had robust processes in place for these situations to improve the health of the local population and achieve value for money for the taxpayer.</p> <p>The Audit and Risk Committee received and discussed the External Auditors Annual Accounts Findings Report 2023/24</p>	
6.3	<p>Letter of Representation The Audit and Risk Committee approved the Letter of Representation</p>	
7.1	<p>Annual Accounts Catherine Cookson (CC) confirmed the ICB Board had received the draft annual accounts on the 2nd May. The accounts complied with the DHSC Group Accounting Manual which incorporated the Treasury Financial Reporting Manual. No changes had been made to the primary statement since presentation to the ICB Board as per the external auditor's findings report. There had been a number of updates and changes to notes for completeness and some amendments made for presentation and to correct typographical errors. The accounts were presented to the Audit and Risk Committee for approval, subject to the finalisation of the external audit. The accounts would be submitted to NHS England on 28th June 2024.</p> <p>The Audit and Risk Committee reviewed and approved the NHS Bristol, North Somerset and South Gloucestershire ICB Annual Accounts for the period to 31 March 2024, subject to any final agreed amendments.</p>	
7.2	<p>Annual Report: Remuneration Report, Governance Statements and Statement of CAO Responsibilities Shane Devlin (SD) confirmed that the annual report had been written in line with NHS England guidance and included a performance overview section as well as a performance comparison with other years. The report also captured the key risks to the ICB and the actions being taken to mitigate these. Jen Bond (JB)</p>	

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	<p>explained that the template had been set out by NHS England and the draft annual report had been reviewed by the auditors and NHS England. Feedback had been included in the report. JB noted that all ICB colleagues who contributed to the report had reviewed the report prior to submission.</p> <p>JCa asked about the internal process for developing the report. SD explained that requests for information were emailed to the relevant ICB colleagues who provided the content for the report. SD noted that a significant amount of work had taken place given the quick turnaround timescales for the report this year. JB thanked CC and Nic Saunders (NS) for the support provided to pull together the annual report and explained that the Communications team had sense checked the report. JB also noted that Caroline Dawe had reviewed the report to ensure the content aligned with the Key Line of Enquiry (KLOE) submission for NHS England. SD confirmed that feedback from the ICB Executive Team had been incorporated into the report.</p> <p>JCa noted the significant amount of work which had gone into the report and the sense of continuity throughout. JCa congratulated the team on producing a good annual report despite the challenges.</p> <p>ED thanked the team for producing a good report which was a really useful and informative document. ED asked how the information had been quality assured. JB explained that all the information had been reviewed by the performance and contracts teams and cross checked where appropriate across the ICB.</p> <p>AM thanked JB for her work in writing the report and welcomed the connections within the report to the Committees and the plans for 2024/25. AM noted that there were some areas which could have been further developed such as including the outputs of the Research Capability Funding. AM highlighted that the risk management section described the system in place for risk management which did not reflect the position outlined by the internal auditors. AM asked whether the annual report should be amended to reflect the internal audit reports. ST explained that the risk management section was part of the annual governance statement which had been reviewed by the Audit and Risk Committee. ST confirmed that NA was comfortable with the wording and it reflected the position he had seen.</p> <p>AM noted that there were some areas where data had not been included and asked whether this would be amended for the final version. SD explained that David Jarrett had confirmed that there was some data which the ICB was unable to produce and this had been shared and the wording discussed with NHS England. SD confirmed that similar to the mini site for the 5 year Forward Plan, a</p>	

	Item	Action
	<p>mini site would be developed for the annual report which would continually update on the work and activities of the ICB.</p> <p>The Audit and Risk Committee reviewed and approved the NHS Bristol, North Somerset and South Gloucestershire ICB Annual Report for the period to 31 March 2024, subject to any final agreed amendments.</p>	
8.1	<p>Corporate Risk Register</p> <p>ST explained that the Risk Register had been reviewed by the ELT and would be reviewed monthly by this group. 11 Corporate risks were scored 15 or more and four new risks had been added:</p> <ul style="list-style-type: none"> • Ability to complete LeDeR reviews within the timeframe • Primary Care Prescribing and the volatility of NCSO and Category M drugs • Employee relations following the Shaping our Future programme • The 24/25 financial position, particularly the exit run rate <p>The ELT had considered mitigations for all risks and also considered what mitigations could be put in place across directorates. ST noted that these discussions across the whole leadership team had been beneficial.</p> <p>AM welcomed the new risks being highlighted and noted that the achievement of LeDeR reviews within the timescales had improved as mitigations were put in place and then reduced once these were removed. AM noted the importance of sustainable mitigations to sustain performance. ST confirmed that the Executive Team had discussed the risk and although there had been a significant increase in the numbers of reviews some of these were not considered unexpected deaths and therefore there was a conversation needed with NHS England on the applicability of a full review for every death and the proportionality needed within the system to make the reviews more meaningful.</p> <p>ED noted that the unmitigated risk for LeDeR was scored 12 whereas the current mitigated risk score was 20 and noted that this would need review. ED asked that reference numbering for the risks was developed which would make identifying and discussing the risks easier. ED noted the risk related to employee relations and asked for more information. ST noted that the description of the risk was limited as it related to specific cases.</p> <p>The Audit and Risk Committee received and discussed the Corporate Risk Register</p>	
9	<p>Matters for Information</p> <p>The Committee received the following matters for information:</p> <ul style="list-style-type: none"> • Waiver of Standing Financial Instructions • Audit and Risk Committee Workplan 	

	Item	Action
	<ul style="list-style-type: none"> Information Rights Report <p>NA and VG declared an interest in item 9 as RSM was one of the organisations procured through a single tender waiver. It was confirmed that the waiver was for information only and NA and VG could remain in the meeting for the item.</p> <p>CC confirmed that the waiver related to testing the new processes around purchase orders. CC explained that the internal audit contract was due to expire during 2024/25 and had been contracted on a 3 + 1 + 1 basis. To confirm the plus one arrangements, a single tender waiver was required. CC noted that this had been a good test of the process to identify any risks. The ICB would go out to tender for internal audit services in Autumn 2025 to ensure arrangements were in place for 2025/26 and an audit panel would be set up to support the process.</p> <p>JCa noted a waiver which related to perinatal mental health funding made available through a company insolvency and asked whether there was any due diligence the ICB could have undertaken, such as company reviews through Companies House, to reduce the risk of these kinds of situations. CC explained that the ICB Head of Contracts had initiated a procurement oversight group which would ensure that due diligence processes, such as Companies House checks, would be undertaken as standard during procurements.</p> <p>AM highlighted that the FOI performance had reduced during 2023/24 and noted that the report outlined that this was the result of increased requests during a period of reduced capacity for the team. ST noted that these functions would be considered as part of the discussions between ST and SD regarding how to further support the governance team. It was agreed to consider Information Rights as a future item for the Audit and Risk Committee.</p> <p>The Audit and Risk Committee received the matters for information</p>	
10	<p>Review of Meeting Effectiveness</p> <p>JF thanked Jen Bond for her work in collating the annual report and noted that the report highlighted the progress the ICB was making as an organisation. JF noted that there had been a number of challenges made at the Committee which ICB management would need to consider and address.</p>	
11	<p>Any Other Business</p> <p>There was no other business</p>	
	<p>Date of Next Meeting</p> <p>Friday 13th September 2024: 2.00pm – 4.00pm</p>	
B	<p>Members meeting with the Executive without Auditor</p>	

	Item	Action
	There was no meeting with the Executive without Auditor.	

Lucy Powell, Corporate Support Officer, June 2024

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