

Scarborough & Ryedale Clinical Commissioning Group Audit & Governance Committee

July 2018

Introduction

The Audit and Governance Committee met on Friday 20th July 2018. In terms of key messages, the Committee wishes to bring the following to the attention of the Governing Body:

North Yorkshire Proposed Management Structure Changes

The Committee noted that an Extraordinary Governing Body meeting held on 4th July 2018 had agreed by a majority to go forward with a proposal to move to a single shared leadership team across HRW, HaRD and SR CCGs. The Committee was informed that the recommendation had been circulated to the CoCR members who had endorsed the proposal at their meeting on 10th July 2018.

In a subsequent meeting with the auditors members discussed the way forward in the absence of a detailed programme of work, an option appraisal process or a business case. Members agreed to meet within the next month to discuss the areas of clarification that were required and to formulate/agree an assurance process.

Internal Audit Progress Report 2017/18

The Committee received this progress report, which summarised activity undertaken in completing the 2017/18 programme and work undertaken during the current financial year including six audit reports with assurance ratings for:

1. Conflicts of Interest - significant assurance;
2. Ambition for Health (follow up) - significant assurance;
3. QIPP - significant assurance;
4. Budgetary control, financial reporting - significant assurance and key financial systems;
5. Continuing Health Care Financial Data - Limited Assurance
6. PCU Transition - significant assurance

The review of continuing health care (CHC) highlighted two instances where there was insufficient evidence to support CHC decisions and four instances where there had been delays in reviewing packages of care, which might lead to overpayments. The audit highlighted that up to date information was not always reflected in the system, which could impact on financial forecasting. It was noted that these issues had been highlighted with the transfer of financial management to the CCG, which was in the process of going through a rigorous data cleansing exercise for CHC financial data as part of the PCU transition process. The auditors were asked to

review earlier audit reports on CHC to clarify whether some of the weaknesses in the system that were now emerging could have been identified earlier. `

External Audit - Annual Audit Letter

The Committee received and accepted the Annual Audit Letter from Mazars in respect of the work undertaken as the auditor of the CCG for the year ended 31st March 2018. The letter confirmed that:

- The financial statements gave a true and fair view of the CCG's year-end financial position and of its financial performance for the year;
- Income and expenditure had, in all material respects, been applied for the purposes intended by Parliament except for the failure to meet the statutory duty for expenditure not to exceed income for the year;
- There were matters to report in respect of the CCG's arrangements to secure economy, efficiency and effectiveness in the use of resources in that:
 - The CCG's planned deficit of £1.4m for 2017/18 was exceeded with a year-end deficit of £7.5m. This was in addition to a deficit position in 2016/17;
 - The CCG is forecasting a further deficit in 2018/19 of £4m, which includes delivering a QIPP target of £5.5m;
- There were some minor inconsistencies between the audited financial statements and the consolidated data that the CCG has submitted, but these were not regarded as material;
- Mazars had made a referral to the Secretary of State under s30 of the 2014 Act in relation to the CCG's breach of financial duty.

Financial Recovery Plan

The Committee received a very comprehensive report dated June 2018 on the financial recovery plan and was advised that this had been agreed with, and given a 'strong green' rating by NHSE. Members congratulated the executive team on the submission.

Finance Report

Committee members were pleased to note that an aligned incentive contract (AIC) had been agreed with York Teaching Hospital NHS Foundation Trust for 2018/19 in partnership with VoY and ERY CCGs. The financial impact of the AIC had been factored into the first quarter's results and the CCG had delivered against its control total for the first quarter of the financial year. This will release commissioner support funding. However, acute hospital activity and financial performance was a matter for concern and QIPP delivery was below plan. The first

quarter's results were supported by slippage on expenditure and lower QIPP plans in the earlier part of the financial year.

Joint Committees

The Committee received a schedule of joint committees following a request for details at an earlier meeting. The Committee received and noted Terms of Reference for the SRCCG/NYCC Joint Commissioning Board and the Joint Committee of Clinical Commissioning Groups for Acute Commissioning, together with copies of the recent minutes of these two committees.

It was pointed out that when the Governing Body considered the draft governance paper for the acute commissioning joint committee at its meeting in March 2018, the importance of referencing the 'Ambition for Health' place based strategy for the Scarborough, Ryedale and Bridlington communities was stressed, particularly given Scarborough Hospital's relative remoteness from other major acute hospital services and the opportunities presented by the new integrated community services contract with Humber Foundation Trust. This should have been picked up at the inaugural meeting of the joint committee in April, but there was no reference to this in the minutes. Also, it had been agreed that a brief paper outlining the SRCCG decision-making processes/committee arrangements should be produced for the joint acute programme team as these differed from VoY's.

The Committee was informed that a paper incorporating SRCCG's assurance processes was being produced by the Legal Services Manager and the reference to the Ambition for Health Programme would be included as part of the Terms of Reference at the next joint committee meeting.

Risk Management

In reviewing the corporate risk register, the Committee noted that there had been no follow-up from the risk appetite discussion at the Governing Body meeting in May or to the recommendation agreed at the last Audit & Governance Committee meeting for a risk steering group to be established to review the CCG's risk strategy. The Associate Director of Corporate Affairs agreed to progress this in the absence of the Legal Services Manager.

The confirmed minutes of our 4th May 2018 meeting are attached to the agenda.

PHILIP C HEWITSON
Chair
Audit & Governance Committee

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