

Governing Body Meeting frontispiece

Summary sheet

Date of meeting: 1 June 2021

For: Public session (part 1)

For: Decision

Agenda item: Audit committee update report

Author(s): Chris Blong, chair of audit

Presented by: Chris Blong

Lead director or GP from CCG: Clare Bryan, chief finance officer

Clinical lead: Dr Fran Old

Executive summary

This annual report includes updates on:

- 1. Annual report and accounts (ARA) update.** Members will recall that a word version of the annual report was shared with executives and Governing Body following the audit committee meeting on 18 May, with feedback requested by 1 June 2021. Audit Committee will next meet to review and recommend the revised document on 8 June before Governing Body signs-off the final version at its extra-ordinary meeting on 10 June 2021.
- 2. External auditor (Grant Thornton) update.** Grant Thornton are in the process of conducting their statutory annual audit of NHS Kernow CCG accounts. The scope of the audit process includes the identification of specific risks, identifying planning materiality and risk assessing our value for money arrangements. Early scoping audit work took place in March with the main audit taking place in April and June. The key deliverables, based on the audit plan previously agreed with the Audit Committee, will be the audit findings report and auditor's annual report. Particular attention will be paid by Grant Thornton to NHS Kernow's:
 - arrangements to plan for financial sustainability.
 - arrangements to minimise the financial impact of disputes and regulatory findings.
 - role in the wider system working as part of the ICS.
 - arrangements to monitor and secure the delivery of healthcare outcomes, including the use of data and benchmarking to inform decision making.
- 3. Mental health investment standard (MHIS) review 2020 to 2021.** There has been no NHS England and NHS Improvement guidance or direction issued to

date as to when the MHIS review for 2020/2021 will start. COVID-19 has had an obvious impact on staff planning resource and auditor availability. Grant Thornton will be asked to complete the 2020-2021 MHIS audit on our behalf as they have done so previously. Further guidance is expected to be issued later this year, which will be shared with audit committee and Governing Body members.

4. **Counter fraud – year-end report.** TIAA have undertaken a review of the role of the local counter fraud specialist (LCFS) and have considered how the requirements of the role have changed in response to an evolving fraud and crime landscape. TIAA has taken the decision to update the job titles of its counter fraud specialist to that of anti-crime specialist (ACS). Their role remains unchanged and the ACS will continue to function as our LCFS.

TIAA's counter fraud annual report provides an overview of the work undertaken for NHS Kernow throughout 2020-2021. The following provides members with a summary report of our compliance with NHS Counter Fraud Authority (NHS CFA) quality assurance areas:

- no frauds were subject to investigation that met the materiality threshold for referral to the CCG's external auditors.
 - no significant system failures or control weaknesses were identified that impact on the CCG's annual governance statement.
 - counter fraud function is embedded well within the CCG, and the work undertaken successfully addresses the generic areas of the CCG's counter fraud strategy.
 - in accordance with the government functional standard 013 - Counter Fraud, the CCG is required to complete a self-assessed Counter Fraud Functional Standard Return (CFFSR).
 - this self-assessed rating due to be submitted by 31 May 2021 will report as follows: green – 7 compliances, amber – 4 compliances, red – 2 non-compliances. For assurance purposes, one of the reds is a new annual outcome-based set of metrics with objectives standard. Currently no NHS England and NHS Improvement metrics have been issued or are in place. The second, refers to the existing case management system which only supports open investigations. Proactive work cannot be recorded as this function is not available - so cannot currently be achieved. The detailed draft return is available on request.
 - The 2021 to 2022 ACS work plan has been developed to target areas of counter fraud and crime risk as well as improving CFFSR compliance.
5. **Finance update.** As at 30 April 2021 there was £6,732,000 (compared to 28 February 2021 £8,489,000) of invoiced debtors included within NHS Kernow's statement of financial position. There are only 2 debtors of consequence – NHS England (£650,760) and the LA (£5,976,449). The amount of LA debt has fallen since February 2021.

Routine discussions are on-going with Cornwall Council, via various panels and groupings (including assurance panel/dispute resolution discussions and a revitalised Integrated Commissioning Partnership Group (ICPG)) regarding the level, type and age of the debt. The intention is to continue to seek agreement on debt resolution as well as agree a revised approach to planning for and provision of shared services going forward.

6. **GBAF update.** Following various exchanges between the Audit chair and deputy director of corporate governance, audit committee members have agreed that the Governing Body assurance framework update and discussion planned for June's Governing Body meeting should be deferred until a later date. Staff are currently fully occupied by; 2020 to 2021 closure of accounts and external audit, delayed 2021 to 2022 H1 financial planning and agreeing CTs, ICS transition, conducting business as usual whilst working remotely and managing the residual demands of COVID-19. The Governing Body assurance framework report and discussion will be presented to Governing Body at a future meeting, yet to be determined.

Recommendations and specific action to take at the meeting

Governing Body is asked to:

1. Provide further input to the annual report and accounts where appropriate and be prepared to sign-off an agreed version at our extra-ordinary Governing Body meeting on 10 June 2021.
2. Note the content of the report and seek further information or assurance as required.

Additional required information

Cross reference to strategic objectives

- Improve health and wellbeing and reduce inequalities
- Provide safe, high quality, timely and compassionate care
- Work efficiently so health and care funding give maximum benefits
- Make Cornwall and the Isles of Scilly a great place to work
- Create the underpinning infrastructure and capabilities critical to delivery
- Commissioning supports COVID-19, recovery plans and long-term plan expectations

Evidence in support of arguments: See comments above.

Engagement and involvement: See comments above

Communication and/or consultation requirements: No applicable

Financial implications: As indicated above

Review arrangements: Recommendations are reviewed and actioned accordingly at audit committee and governing body meetings

Risk management: Risks are identified and addressed as indicated and required

National policy or legislation: Audit committees refer to national policy and legislation where relevant in carrying out their audit responsibilities and in making recommendations.

Public health implications: Not applicable

Equality and diversity: Not applicable

Climate change implications: Not applicable

Other external assessment: Carried out by internal and external auditors

Relevant conflicts of interest: Not applicable