



agreed to give authority to Ms L Whitton to make any small amendments as needed, before the report is submitted. Mazars confirmed that if there was a significant problem they would raise that with Mr T Render anyway.

**The Committee approved the final report.**

**b) Letter of Representation**

Ms L Popplewell presented a letter of representation which will be sent from Peter Melton as the Chief Clinical Officer. It was confirmed that this was the standard letter with one small amendment. The CCG have noted the contingent liability in the accounts and made reference to that in the letter.

Mr J Warner asked what the nature and scale of liability was? Ms L Popplewell explained that it was an HRMC issue relating to the EMBED contract and VAT of £562,000 which has been claimed over a number of years. It was noted that this is an issue for all the CCGs who have a contract with EMBED.

**The Committee approved the Letter and noted the update on Contingent Liability.**

It was queried how similar this letter is to our Annual Governance Statement and why we need the two? Mr M Kirkham informed that the letter will be more in depth and the two do complement each other to give a fuller picture.

**c) 3rd Party Assurance**

Ms L Popplewell presented a report that provides an update on the assurance gained for 3rd party providers relating to 2018/19. Evidence has been obtained to provide assurance for each of the material systems handled by 3rd parties. Further details can be found in sections 2 – 5 of the report. The Committee noted the qualifications in the KPMG 'Independent Service Auditor's Assurance Report' relating to Primary Care Support Services (Capita), this report is an improvement on last years as there was only one failure which was not on our site. An NHSE recovery programme is in place, so that there should be no qualification next year. Audit have confirmed that they are assured from the testing they have carried out.

Ms L Popplewell agreed to circulate a copy of the report with the Minutes. **ACTION: Ms L Popplewell.**

LP

**The Committee confirmed they were satisfied with the report.**

**d) Head of Internal Audit Opinion**

Ms S Kendall informed that whilst this was the final Head of Internal Opinion. The report covers the joint audit reports completed in year, but not all the planned work was completed in year – this will be carried over into 2019/20. Some audits in the original plan were no longer required these amendment were agreed with Ms L Whitton. One was due to the Embed contract changing, so there would be very limited added value in carrying out the audit. Another was regarding Extra Care Housing and the CCG awaiting decisions from Central Government so again there would have been very limited added value in undertaking this audit at this time.

The Committee noted that the Section 75 agreement had been signed off, but no report had been written. Future Gov will be starting to work on the operating model and it will be monitored by the Union governance arrangements.

**The Committee noted the Head of Internal Audit Opinion.**

### e) External Audit Completion Report

The circulated report was taken as read. Mr R Walker informed that Mazars have substantially completed work on the financial statements and value for money conclusion for the year ended 31 March 2019.

The key risks are detailed on pages 5 -7, Mazars have looked at the overall management control, journals and balances to draft the report along with the NLaG accrual as the NLaG / CCG figures were not aligned. The CCG have provided for the worst case scenario and as such there is nothing that needs to be reported. Ms L Whitton reported that the final NLaG negotiations should be finalised in the next week. It was noted that the same approach had been adopted at North Lincs CCG also. A new contracting approach is being adopted next year which will be more incentive based (cost "out") rather than true Payment by Results. It was noted that this will support a system way.

Mr R Walker also updated that he had looked at the related party notes amendments and the complex membership arrangements very carefully. They have examined the pensions and financial risks relating to VSM and the financial resilience arrangements to manage resources. There is a balanced plan and it does look realistic with reasonable assumptions and no matters arising to report.

Mr J Warner highlighted the £448,000 that goes to Core Care Links (CCL) with Dr Nayyar, Dr Maliyil, Dr Pathak also being members of the Governing Body, to the general public it would look like there is a significant amount of cash going to that company. There has been strong management of the Conflicts of Interest. It was noted that the tenure of those individuals has now ended and they are not on the Governing Body going forward. Mr M Kirkham highlighted that CCGs by design are prone to these risks because they are clinically led organisations, so this is acceptable.

### f) Annual Accounts

Mr S West presented the Annual Accounts to the Committee to be formally approved. Members observed the table of highlighted changes from the draft report, and Mr T Render felt that was very useful. It was noted that the Ledger closed yesterday and there were no adjustments to make. We are quite unique in our position to be a CCG with Local Government Pension Scheme members. The Accounts will be signed off formally on Friday, and the Finance Team have worked with the Auditors for the last two weeks to ensure it has been a smooth process. Mr T Render thanked everyone involved for their hard work and the positive outcome.

**The Final Accounts were approved by the Committee.**

### 3. IG & Audit Risk Assurance Committee Effectiveness Report

Ms L Whitton explained that every year the IG & Audit Committee need to demonstrate that they are operating effectively and to do this we use the NHS checklist that had been circulated. Ms L Whitton informed that if the Committee were happy that the answers in the checklist are an accurate reflection, then the report will go to the Governing Body.

**The Committee approved the Report.**

It was felt that the Committee needs to ensure it is in a good position for 2019/20. The new NELC representative should be appointed from Cabinet shortly. Mr Render felt that he would like to instigate better communication channels with Chief Operating Officer with "live issues" as sometimes there is a delay, it was felt that this didn't always have to be in person and could just be a quick email. **ACTION: Mr T Render**

TR

**Date & Time of Next meeting**

27<sup>th</sup> June 2019, 1.00 – 3.00 pm, MO.2.25 Municipal Offices, Grimsby