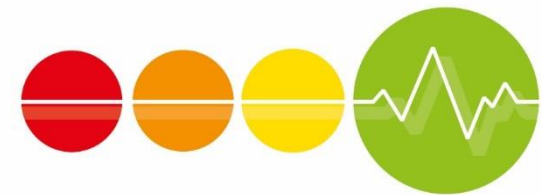


North East Lincolnshire CCG

Internal Audit Report Ref: NELCCG 2020-21/04
Date: 29 September 2020

Compliance Review of Primary Care Commissioning



Contents

1	Executive Summary	4
1.1	Introduction.....	4
1.2	Conclusion.....	4
1.3	Scope of the audit.....	4
1.4	Corporate significance & risk profile.....	6
1.5	The key findings	7
1.6	Recommendation Summary	7
1.7	Acknowledgement	7
	Appendix A - Primary Medical Care Commissioning and Contracting: Internal Audit Framework	8
	Appendix B - Findings Prioritisation and Assurance Definitions	11

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Key Dates and Report Distribution


Debrief meeting	10 September 2020	Audit team	Carl Best, Director of Internal Audit Alyson Williams, Group Audit Manager Clare Martin, Principal Auditor
Draft report issued	28 September 2020		
Responses received	N/A	Client sponsor	Laura Whitton, Chief Finance Officer
Final report issued	29 September 2020	Report distribution	Julie Wilson, Assistant Director – Programme Delivery & Primary Care Laura Whitton, Chief Finance Officer Nikki Cooper, Local Counter Fraud Specialist (Final Only)

1 Executive Summary

1.1 Introduction

In 2014/15, NHS England invited CCGs to take on greater responsibility for general practice commissioning, including delegated commissioning, where the CCG takes on full responsibility for the commissioning of primary care. In carrying out this commissioning, CCGs must comply with the relevant requirements set out in NHS England's Primary Medical Care Policy and Guidance document. As required by NHSE we audit aspects of delegated commissioning on a rotational plan. This year's audit looks at the finance and governance aspects of primary care commissioning.

1.2 Conclusion

	<p>Governance, risk management and control arrangements provide substantial assurance that the risks identified are managed effectively. Compliance with the control framework was found to be taking place.</p> <p>This assurance level aligns to the NHS England Assurance category of 'full assurance'.</p>
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1.3 Scope of the audit

The CCG has taken on delegated functions from NHS England for primary care commissioning. As part of this, the CCG now has responsibility for ensuring that general practice is sustainable and provides high quality, safe care to the local population within the available budgetary envelope.

The objective of the audit is to provide assurance around the effectiveness of the arrangements put in place by the CCG to exercise the primary medical care commissioning functions of NHS England. The audit does not look at those processes carried out by NHS England, for example budget setting, creation of Oracle uploads, or the recording of payments. Instead, testing has been centred on how the CCG gains assurance for itself over these processes, and on governance arrangements.

Audit coverage

The areas of NHS England's Primary Medical Care Policy and Guidance document covered in this audit are as follows:

c. Primary Care Finance

- i. Overall management and the reporting of delegated funds - processes for forecasting, monitoring and reporting
- ii. Review of financial controls and processes for approving payments to practices
- iii. Review of compliance with coding guidance on a sample basis
- iv. Processes to approve and decisions regarding 'discretionary' payments (e.g. Section 96 funding arrangements, Local Incentive Schemes)
- v. Implementation of the Premises Costs Directions

d. Governance

- i. Operation and oversight of the Primary Care Commissioning Committee (or alternative committee with responsibility for the delegated function) in regard to commissioning and procurement of primary medical services, contract oversight and management functions and primary care finance (sections a-c within the Internal Audit Framework, but not in relation to the management of Conflicts of Interest).

Compliance with section a of the Internal Audit Framework: Commissioning and procurement of primary medical services was covered during 2018/19 and section b covered during 2019/20.

Compliance with section a of the Internal Audit Framework: Commissioning and procurement of primary medical services was covered during 2018/19 and section b covered during 2019/20.

Limitations to the scope of the audit

The following limitations were agreed in advance of the audit:

The audit will not provide assurance in relation to outsourced services that do not sit within the CCG, for example those sitting within Capita or within NHS England. Assurance in respect of any controls outsourced to Capita will be via a Service Auditor Report (SAR) issued by the auditors of that organisation.

The audit will not provide any assurance in relation to those elements of the internal audit framework that are not explicitly covered in this audit. Assurance against those areas will be provided on a cyclical basis.

The following additional limitations arose during the audit:

We are unable to provide assurances that processes were operating effectively in the following areas, as no activity had taken place in the previous 12 months:

- The CCG is able to approve additional S96 funding to support GP practices in need where other support options have been exhausted; however, no applications for such funding had been received in the period under review, nor had any such funding been approved by the CCG.
- While NHSE local teams can apply for funding for investment in GP practices, known as Improvement Grants, on an annual basis, no applications had been received in the period under review.
- Any change in ownership of practice premises or changes in rents due to increases or decreases in practice space that affect rents require prior approval from NHSE and, where this will result in changes to the CCG's ongoing revenue costs, also by the CCG; however, again no such changes had taken place.
- Any instances where a GP partnership owns their building but then sells it and leases it back also requires prior approval from the CCG, but no such transactions took place within the period reviewed.

1.4 Corporate significance & risk profile

The CCG is required to provide annual assurance to NHS England on the functions delegated to it in relation to primary medical care commissioning. The 2020-21 budget for primary medical care commissioning is yet to be formally confirmed at this point due to the revised NHS England and Improvement financial regime which is part of the NHS COVID 19 response. Despite this, the area remains material in the context of the organisation's activities.

The audit provides an independent source of assurance against the management of the identified risks around the following CCG's corporate objectives:

Component 2: Better Care - How is the CCG faring with its care redesign, performance of constitutional standards, and its outcomes, including in important clinical areas?

- CCG-BAF.2002 Risks in delivery of key annual performance and quality indicators (Health & Social Care) and standards, including constitutional standards.

Component 3: Sustainability - How is the CCG remaining in financial balance and securing good value for patients and the public from the money it spends?

- CCG-BAF.3005 Financial challenges in partner organisations in the wider system could lead to financial consequences for NELCCG.

1.5 The key findings

The key findings from the audit are as follows:

Design of the control framework

- There were no findings arising from the design of the control framework.

Compliance with the control framework

- There were no findings in relation to compliance with the control framework.

1.6 Recommendation Summary

	Priority		
	High	Medium	Low
Design of the control framework	0	0	0
Compliance with control framework	0	0	0
Total	0	0	0

1.7 Acknowledgement

We would like to thank management and staff for their help and cooperation during the course of this audit.

Appendix A - Primary Medical Care Commissioning and Contracting: Internal Audit Framework

The assurance level provided in this section is in line with the assurance levels set by NHS England within its *Primary Medical Care Commissioning and Contracting: Internal Audit Framework for delegated Clinical Commissioning Groups* and supports the overall assurance level given.

Element of Framework Covered	Outcome	Internal Audit Framework Assurance Level Given
<i>c. Primary Care Finance</i>		
<i>i. Overall management and the reporting of delegated funds - processes for forecasting, monitoring and reporting</i>	<ul style="list-style-type: none"> • The Primary Care Team within NHSE carries out many of the transactional processes in relation to primary medical care commissioning on the CCG's behalf. In addition, the impact of Covid-19 on 2020-21 has meant that, unlike in other years, the CCG has not agreed an annual budget for primary care spend, with figures received on a monthly basis. Consequently, the overall budget has not been formally approved by the CCG for this year. • However, our testing confirmed that the CCG had approved the budget upload into Oracle each month. • There was also evidence that the CCG monitors any variances between budget and actual figures, and that the CCG's Primary Care Commissioning Committee (PCCC) receives regular financial reports. 	Full
<i>ii. Review of financial controls and processes for approving payments to practices</i>	<ul style="list-style-type: none"> • Payments are made by NHSE on the CCG's behalf. On a monthly basis, the CCG receives payment schedules from NHSE setting out payments to be made, any variations, and explanations of these variances. In all cases in our sample there was evidence that the CCG appropriately approved payments prior to them being made. 	Full

Element of Framework Covered	Outcome	Internal Audit Framework Assurance Level Given
<i>iii. Review of compliance with coding guidance on a sample basis</i>	<ul style="list-style-type: none"> Coding to individual sub-codes within primary medical care commissioning is carried out by NHSE on the CCG's behalf. Within the CCG's ledger, primary medical care payments are coded to one cost centre. We reviewed the postings to this cost centre and confirmed that these related solely to primary care. 	Full
<i>iv. Processes to approve and decisions regarding 'discretionary' payments (e.g. Section 96 funding arrangements, Local Incentive Schemes)</i>	<ul style="list-style-type: none"> As noted in the limitations of scope section of this report, no S96 payments were made in the period under review. 	N/A
<i>v. Implementation of the Premises Costs Directions</i>	<ul style="list-style-type: none"> As noted in the limitations of scope section of this report, no payments had been made in relation to improvement grants, nor had any requests for variations in payments made due to a change in ownership of premises, changes in premise footprints or selling and leasing back of premises. We reviewed all rent increases within the previous 12 months and confirmed that these increases were monitored by NHSE on the CCG's behalf. NHSE approves all rent increases below 5%, with the CCG approving any increases above 5%. We confirmed that there were no rent increases above 5% during the period under review. 	Full
d. Governance		
<i>i. Operation and oversight of the Primary Care Commissioning Committee (or alternative committee with responsibility for the delegated function) in regard to commissioning and procurement of primary medical services, contract</i>	<ul style="list-style-type: none"> Our work confirmed that the CCG's PCCC has terms of reference that were formally approved and that cover the breadth of the committee's responsibilities. Membership and quoracy were clearly set out. However, we noted that the most recent finalised terms of reference were dated January 2018 and approved by the Governing Body in March 2018. Evidence was supplied by the CCG that the terms of reference were reviewed by the PCCC and approved by them on 24 September 2019, but approval by the Governing 	Full

Element of Framework Covered	Outcome	Internal Audit Framework Assurance Level Given
<p><i>oversight and management functions and primary care finance (sections a-c within the Internal Audit Framework (but not in relation to the management of Conflicts of Interest).</i></p>	<p>Body was delayed firstly by the revision of the CCG's constitution and then by Covid-19 and the need to focus on clinical risk areas. The CCG have informed us that the revised terms of reference are on the agenda for the Governing Body in September 2020 and will be taken to the PCCC in October 2020, and consequently a finding has not been raised.</p> <ul style="list-style-type: none"> • Meetings are supposed to be held on a bi-monthly basis; however, due to the Covid-19 pandemic, no meeting of the PCCC took place between February 2020 and September 2020, the time of our audit. We reviewed the interim arrangements that were put in place to streamline the CCG's governance processes, which involved the establishment of a Covid-19 Risk Committee, and confirmed that: the arrangements had been appropriately approved and included the standing down of the PCCC; the establishment of the Covid-19 Risk Committee covered the business of the PCCC; and appropriate records of any decisions made were maintained, including the nature of the decision, the rationale for the decision, and how that decision was approved. • A review of a sample of minutes prior to the PCCC being stood down confirmed that meetings were quorate and that agendas ensured that the committee's responsibilities were appropriately discharged. • Our testing also confirmed appropriate reporting from the PCCC up through the CCG's governance structures. 	

Appendix B - Findings Prioritisation and Assurance Definitions

Findings Prioritisation	
High	A fundamental weakness in the system that puts the achievement of the systems objectives at risk and / or major and consistent non-compliance with the control framework requiring management action as a matter of urgency.
Medium	A significant weakness within the system that leaves some of the systems objectives at risk and / or some non-compliance with the control framework.
Low	Minor improvement to the system could be made to improve internal control in general and engender good practice, but are not vital to the overall system of internal control.

Assurance Definitions	
Substantial	Governance, risk management and control arrangements provide substantial assurance that the risks identified are managed effectively. Compliance with the control framework was found to be taking place.
Good	Governance, risk management and control arrangements provide a good level of assurance that the risks identified are managed effectively. A high level of compliance with the control framework was found to be taking place. Minor remedial action is required
Reasonable	Governance, risk management and control arrangements provide reasonable assurance that the risks identified are managed effectively. Compliance with the control framework was not found to be taking place in a consistent manner. Some moderate remedial action is required.
Limited	Governance, risk management and control arrangements provide limited assurance that the risks identified are managed effectively. Compliance with the control framework was not found to be taking place. Immediate and fundamental remedial action is required.

The assurance definitions used by AuditOne map to the required categories of assurance set out in the *Primary Medical Care Commissioning and Contracting: Internal Audit Framework for delegated Clinical Commissioning Groups* issued by NHS England as follows:

Primary Medical Care Commissioning and Contracting: Internal Audit Framework Assurance Definitions		AuditOne Assurance
Full	<ul style="list-style-type: none"> The controls in place adequately address the risks to the successful achievement of objectives; and, The controls tested are operating effectively. 	Substantial
Substantial	<ul style="list-style-type: none"> The controls in place do not adequately address one or more risks to the successful achievement of objectives; and / or, One or more controls tested are not operating effectively, resulting in unnecessary exposure to risk. 	Good
Limited	<ul style="list-style-type: none"> The controls in place do not adequately address multiple significant risks to the successful achievement of objectives; and / or, A number of controls tested are not operating effectively, resulting in exposure to a high level of risk. 	Reasonable
No	<ul style="list-style-type: none"> The controls in place do not adequately address several significant risks leaving the system open to significant error or abuse; and / or, The controls tested are wholly ineffective, resulting in an unacceptably high level of risk to the successful achievement of objectives. 	Limited