

# NHS LIVERPOOL CLINICAL COMMISSIONING GROUP

## EXTRA ORDINARY GOVERNING BODY

Minutes of meeting held on FRIDAY 25<sup>TH</sup> MAY 2018 10.00AM  
LIVERPOOL CCG BOARDROOM, 4<sup>th</sup> FLOOR, THE DEPARTMENT

### PRESENT:

#### VOTING MEMBERS:

Dr Simon Bowers	Chair - GP
Jan Ledward	Chief Officer
Dr Fiona Lemmens	Clinical Vice Chair - GP
Jane Lunt	Head of Quality/Chief Nurse
Dr Fiona Ogden-Forde	GP
Dr Shamim Rose	GP
Dr Stephen Sutcliffe	GP
Dr Monica Khuraijam	GP
Mark Bakewell	Acting Chief Finance Officer
Gerry Gray	Lay Member for Financial Management
Helen Dearden	Lay Member for Governance/Non Clinical vice Chair
Sally Houghton	Lay Member for Audit/Financial Management
Ken Perry	Lay Member for Patient & Public Involvement

#### IN ATTENDANCE:

Mike Thomas	Director – Grant Thornton
Ian Davies	Chief Operating Officer
Stephen Hendry	Senior Operations & Governance Manager
Lynne Hill	PA / Minutes

#### APOLOGIES:

Dr Maurice Smith	GP
Dr Janet Bliss	GP
Dr Donal O'Donoghue	Secondary Care Doctor
Georgia Jones	Audit Manager – Grant Thornton

Public: 0

## **PART 1: INTRODUCTIONS & APOLOGIES**

The Chair welcomed everyone to the meeting and introductions were made around the table. It was noted that non-voting members were not in attendance as the Extra-Ordinary Governing Body required only voting members to attend to sign off Annual Report and Accounts. It was noted that the Extra-Ordinary Governing Body was quorate with 6 non-clinical voting members and 7 clinical voting members present.

### **1.1 DECLARATIONS OF INTEREST**

There were no declarations of interest for items on the agenda.

### **1.2 MINUTES & ACTION POINTS FROM THE LAST MEETING**

The minutes of the previous Governing Body meeting held on 8<sup>th</sup> May 2018 would be presented to the July 2018 Governing Body meeting.

### **1.3 MATTERS ARISING from previous meeting not already on the agenda:**

There were no matters arising. Any matters arising from the 8<sup>th</sup> May 2018 Governing Body would be dealt with at the July 2018 meeting.

## **PART 2: UPDATES**

There were no updates.

## **PART 3: PERFORMANCE**

### **3.1 Audit Findings Report      Report No: EGB 01-18**

Mike Thomas, Director, Grant Thornton, presented an update of Liverpool CCG's Audit Findings year ending 31 March 2018 to the extra-ordinary Governing Body. He thanked Mark Bakewell,

Ian Davies and their Teams for their input in to the preparation of the Annual Report and Accounts.

He highlighted:

- The key issues arising from the statutory audit of NHS Liverpool CCG and the preparation of the CCG's financial statements for the year ending 31 March 2018
- The three (3) key responsibilities of Grant Thornton;
  - Opinion on the Financial Statements
  - Value for Money Arrangements
  - Statutory Duties
- It was noted that Grant Thornton have not exercised any of their additional statutory powers or duties when auditing the CCG's financial statements and this is a positive outcome.
- Overall Conclusion is based on materiality calculations and is based on the 2% of gross expenditure. For Liverpool CCG this is £17.761m.
- Significant audit risks were detailed as below; all of which during the audit work had not identified any issues;
  - Improper revenue recognition
  - Management Override of controls
  - Operating expenses – purchase of secondary care
- The outcome of the audit work has resulted in an **unqualified opinion** in both Financial Statements and Value for Money (VfM) conclusion.
- There were no other issues with regard to the Accounting Policies or other responsibilities under the Code to bring to the Governing Body's attention.
- Details of other matters which Grant Thornton are required by auditing standards and the code to communicate to those charged with governance were highlighted on page 11 of the Audit Opinion. It was noted that there were no issues of concern in these areas.
- It was noted that a small number of changes were required to be made to the financial statements and disclosures, however these were not deemed significant.
- One area to note was a change notified to the CCG after the submission of the accounts and that was on financial performance duty. There was a change of requirement

not to show a cumulative position on surplus but an in-year surplus position.

- The Value for Money (VfM) work highlighted two significant risks;
  - Financial Sustainability
  - Liverpool CCG in NHS Legal Directions
- Based on the work Grant Thornton performed to address the two significant risk and the evidence received, Grant Thornton were satisfied that Liverpool CCG had put into place proper arrangements to respond to and mitigate these risks.
- The remainder of the report details the fees, statement on independence and the Audit Opinion and Letter of Representation. The Letter of Representation is required to be signed at the end of the Governing Body.
- It was recognised that the Annual Report and Accounts were professional and put together well. An **unqualified opinion** in both Financial Statements and Value for Money (VfM) conclusion was given.

There were no comments from the Governing Body.

### **The NHS Liverpool CCG Governing Body:**

- **Noted the Audit Findings Report and;**
- **Approved the Audit Opinion and Letter of Representation.**

### **3.2 Final Annual Report and Accounts – Report No: EGB 02-18**

The Chair introduced the CCG Final Annual Report and Accounts for year ending 31 March 2018 and highlighted that the report is in two sections – Annual Report narrative and Financial Statements and Accounts.

#### **a) Annual Report**

The Chief Operating Officer highlighted the following from the Annual Report narrative:

- The Annual Report layout is a prescribed and contains repetition in some areas. The Performance report

included the Introduction to Liverpool CCG and details the complex arrangements and changes of the Governing Body over the last year.

- Details on the commissioning landscape, role of the Health and Wellbeing Board and some of the key business activities undertaken by Liverpool CCG's Governing Body during the year.
- Summary of high level key issues and risks in respect of Liverpool CCG's strategic, operation and financial risks.
- Performance Summary highlights high risks in relation to the NHS Constitutional performance measures, particularly A&E four hour standard, Diagnostics, Referral to Treatment (RTT) and how these risks were managed.
- Commentary on financial and key provider information.
- It was noted that CCG Improvement and Assessment Framework (IAF) 2017/18 led by NHS England will not be concluded and available until July 2018 and appropriate web links have been inserted.
- Sustainable Development Management.
- Patient and Public involvement section has been expanded and includes the engagement activity carried out during 2017/18 and one patient story.
- Details on the Better Care Fund and the expansion of the Better Care Fund in 2017/18.
- The Second part of the Annual Report includes the Accountability Report, detailing member practices, Composition of the Governing Body, Committee structures, Register of Interests, Statutory Disclosures and Legal Requirements.
- The Governance Statement includes the role and activities of Committees, scope of responsibilities, governance arrangements and effectiveness, membership attendance and Internal Control Framework.
- The Annual Audit of Conflicts of Interest management is an additional requirement of the Annual Report. It was noted that from the Mersey Internal Audit Agency follow up work on the recommendations of the Conflicts of Interest, there is only one recommendation identified as currently not fully implemented and concerns the timely declaration of interests within 28 days. All staff and

officers are subsequently reminded of the importance of compliance with this requirement.

- The Head of Internal Audit Opinion 2017/18 was included in the Annual Report and provided 'substantial assurance'.
- A detailed Remuneration and Staff Report is included; and it was noted that the not all areas are required to be audited by Grant Thornton. Areas that are auditable elements of the Remuneration Report are clearly highlighted.
- Salaries and allowances report and pension benefits report have a large number of notes due to the multiple changes of Governing Body members through the year.
- It was noted that the Pay Multiples section was calculated on a median basis and therefore not comparable with last year's Annual Report. The reduction in median pay is as a result of changes in Chief Officer (based on Interim Chief Officer re-charge arrangements).
- It was noted that sickness/absence January to December 2017 shows a fall of 34% in the average sick days per whole time equivalent (wte) compared to 2016, representing a reduction of 534 days lost to sickness.
- Trade Union (Facility Time Publication Requirements) Regulations 2017 have been included. Although the absence of guidance was noted.
- Details relating to Consultancy Spend and off payroll engagements included.

**There were no comments from the Governing Body members on the Annual Report Section.**

## **b) Financial Statements and Accounts**

The Acting Chief Finance Officer thanked Mike Thomas, Grant Thornton and his team and highlighted the following from the Financial Statements and Accounts:

- The year has been a successful one from a financial performance perspective with the CCG delivering full NHS

England Business Rules requirements via the delivery of a 0.5% surplus.

- The main primary statements (Statement of Comprehensive Net Expenditure, Statement of Financial Position, Statement of Changes in Taxpayers Equity, Statement of Cash Flows) are included on pages 133-136 (big numbers), supporting notes on pages 137 – 147 (big numbers), with supporting statements on pages 148- 166 (big numbers).
- The financial statements have been prepared in accordance with the 2017-18 NHS Group Accounting Manual and in accordance with the accounting policies as described with the accounts.
- The final version of the 2017-18 accounts have not changed significantly since the draft submission reviewed by the Audit, Risk and Scrutiny Committee at the end of April, but drew the Governing Body's attention to a couple of movements:
  - i. The values within the financial performance duties on page 148 have been amended to reflect in-year positions and not cumulative values.
  - ii. Amendments have been made to the classification of trade and other payables on page 159, specifically between non-NHS & revenue payables and accruals, and other payables and accruals. This was a correction relating to continuing healthcare payables and accruals.
  - iii. The Pooled Budget note on pages 163 - 165 have also been updated to reflect current arrangements with updates to the relevant narrative and financial values.
  - iv. A few minor amendments have also been made to supporting notes following review with external audit, but subject to those changes it was

recommended that the Governing Body approve the Annual Accounts for the 2017-18 financial year.

The Governing Body commented as follows:

- Lay Member for Audit/Financial Management suggested that the events of the non re-election of the current CCG Chair needs to be included in the Annual Report Narrative as this has a material effect that has occurred within the reporting period.
- A GP member had a different opinion and that the Chair is still in post until 31 May 2018, therefore this has not occurred in the annual report period 1 April 2017 – 31 March 2018.
- The Acting Chief Finance Officer reported that anything that occurs in or outside the reporting period should be included and it is a factual statement and will assist the reader. The Director, Grant Thornton agreed and suggested that a statement detailing the change is included in the Annual Report Narrative.
- The Lay Member for Financial Management commented that as we have highlighted the resignations, changes and new appointments to the Governing Body in the Annual Report we should highlight the elections and identify them as an organisational risk.
- The Chief Officer commented that as there will always be GP director elections, it is a predictable risk, and therefore the Governing Body need to consider how we manage and mitigate the risk in succession planning and reflect on this more positively going forward.
- A GP member queried the difference in expenses from last year to this year. The Acting Chief Finance Officer explained the expenses and how they were presented.
- A GP member highlighted that 95 practices were included in the table as a number of them had been duplicated. Chief Operating Officer agreed to check and correct this information and amend any typographical errors in the Annual Report and Accounts.

## **The NHS Liverpool CCG Governing Body:**

- **Noted the comments from the voting members.**
- **Agreed to include a statement on the non re-election of the CCG Chair in the report.**
- **Agreed to amend the number of member practices and any typographical errors.**

### **3.3 Year-End Accounts – HFMA suggested questions for Governing Body and Management responses Report EGB 03-18**

The Acting Chief Finance Officer presented the report stating that the CCG have adopted for best practice the “HFMA handbook - suggested questions for the Governing Body”, to ensure the Governing Body are comfortable with the presentation of the Financial Statements and Accounts. The following sections were highlighted:

- General Questions
- Statement of Comprehensive Net Expenditure (SOCNE)
- Statement of Financial Position (SOFP)
- Statement of Cash Flows (SOCF)
- Accounting Policies
- Events after the reporting period
- Operating Income
- Operating Expenditure
- Current Assets and Current Liabilities

The Governing Body commented as follows:

- The Lay Member for Audit/Financial Management queried the increase in cost for Chair and Non-Executive Members from 2016/17 to 2017/18. The Acting Chief Finance Officer explained that this is due to cross over of posts in year, and relates to the Chair and Lay Members as some posts overlapped in year. He agreed to check the figures outside of the meeting and inform the Lay Member for Audit/Financial Management.

- The GP Member queried the Operating Income specifically the variance on the Education, Training and Research income figures. The Acting Chief Finance Officer explained that there has been difference in funding streams from NHS England and Health Education England.

#### **The NHS Liverpool CCG Governing Body:**

- **Approved the final Annual Report & Accounts subject to minor amendments.**
- **Approved for the Accountable Officer, Chair and Acting Chief Finance Officer to sign off the associated documents and submissions to NHS England.**

### **3.4 Letter of Representation                      Report EGB 04-18**

The Acting Chief Finance Officer presented the Letter of Representation and confirmed this was included in the Audit Opinion and required the Chief Officer to sign as part of the submission of the Annual Report and Accounts.

#### **The NHS Liverpool CCG Governing Body:**

- **Approved for the Accountable Officer, Chair and Acting Chief Finance Officer to sign off the associated documents and submissions to NHS England.**

### **PART 4: STRATEGY & COMMISSIONING**

There were no items for discussion.

### **PART 5: GOVERNANCE**

There were no items for discussion.

## **ANY OTHER BUSINESS**

The Chief Officer thanked all the teams involved in pulling together the Annual Report and Accounts. This has been a difficult and challenging year. Thanks to be passed on to all staff involved.

## **6. QUESTIONS FROM THE PUBLIC**

**There were no public present and no questions raised from the public prior to the meeting.**

## **7. DATE AND TIME OF NEXT MEETING**

Tuesday 10<sup>th</sup> July 2018, 2.30pm, Boardroom, Liverpool CCG,  
3<sup>rd</sup> Floor The Department.