Introduction & Context

NHS Thurrock Clinical Commissioning Group (CCG) was licenced from 1 April 2013 under provisions enacted in the Health & Social Care Act 2012, which amended the National Health Service Act 2006.

As at 1 April 2014, NHS Thurrock CCG was licensed with two conditions and three directions relating to the permanent appointment of an Accountable Officer and the impact of the lack of a permanent appointment on the capacity and capability of the senior in-house management team to maintain strategic oversight within available resources.[1]

NHS Thurrock CCG has managed the conditions through the acting appointment of the Chief Operating Officer as the (Acting) Interim Accountable Officer, which has enabled NHS Thurrock CCG to continue its role largely unaffected operationally. Steps are also being taken to actively progress plans to address the outstanding conditions and directions with the aspiration that they will be removed by NHS England during 2015/16.

The full text of the conditions and directions are at the outset and the end of the 2014/15 year, are appended to the Annual Governance Statement.

Comment [MN(NTC1]: Awaiting these from NHS E

Scope of Responsibility

As (Acting) Interim Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of NHS Thurrock CCG's policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Managing Public Money*. I also acknowledge my responsibilities as set out in my Clinical Commissioning Group Accountable Officer Appointment Letter.

I am responsible for ensuring that NHS Thurrock CCG is administered prudently and economically and that resources are applied efficiently and effectively, safeguarding financial propriety and regularity.

Compliance with the UK Corporate Governance Code

We are not required to comply with the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to NHS Thurrock CCG and best practice, as follows:

[1] Source: National Health Service England, The NHS Thurrock Clinical Commissioning Group Directions 2013 (No.2), as amended.

- **Leadership:** The governance framework for NHS Thurrock CCG is set out below and provides for effective leadership by the Governing Body who are collectively responsible for the long-term success of the CCG.
- **Effectiveness:** NHS Thurrock CCG Constitution defines the mechanisms for effectiveness, supported by a suite of policies and procedures governing operational effectiveness. This includes transparent recruitment processes accompanied by training and continued professional development for members of the Governance Body and core staff.
- **Accountability:** Defined below, the Risk Management Framework enables the CCG to pro-actively manage and report on risk.
- **Remuneration:** A formal and transparent procedure is in place for the remuneration of executive and lay members of the Governing Body, which is managed by a delegated sub-committee of independent members.
- **Relations with Stakeholders:** The CCG continues to work closely with all stakeholders, particularly patients and members of the public who are involved in the development of the CCG wherever possible.

NHS Thurrock CCG Governance Framework

The National Health Service Act 2006 (as amended), at paragraph 14L(2)(b) states:

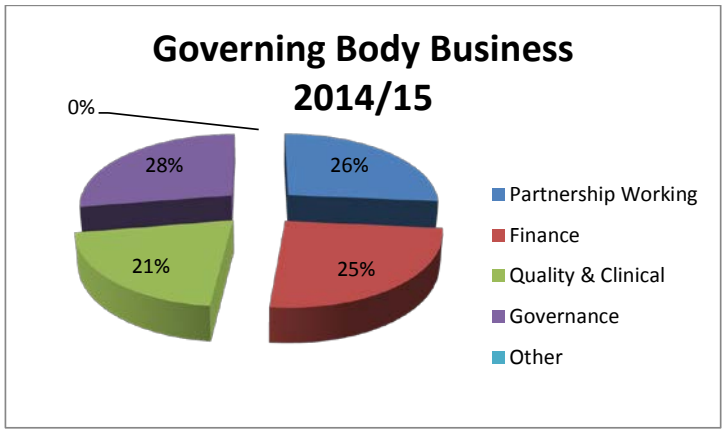
The main function of the governing body is to ensure that the group has made appropriate arrangements for ensuring that it complies with such generally accepted principles of good governance as are relevant to it.

The governance framework of NHS Thurrock CCG is set out in the CCG's Constitution. This is based on the Model Constitution Framework for CCGs (NHS England, October 2012). The Constitution has been amended on one occasion during 2014/15 to assign voting rights to the post of Secondary Care Specialist Doctor. This amendment took effect on 15th July 2014. The Constitution sets out the way in which the CCG is governed and how it discharges its statutory functions via membership and committee arrangements to ensure that principles of good governance are observed and practiced in the way it conducts its business. A procedural framework exists to support the constitution and provide direction to members and staff in the delivery of CCG objectives for example Standing Orders, Prime Financial Policies, a scheme of reservation and delegation and policies reflecting all aspects of business and good governance have been established and published on the CCG Intra and Internet.

The Governing Body voting membership as at 31st March 2015 comprised:

- CCG Chair (GP)
- (Acting) Interim Accountable Officer (and Chief Operating Officer)
- Chief Finance Officer
- Two Lay Members (one leading on governance and the other leading on Patient & Public Involvement, who is also the Deputy Chair)
- Executive Nurse
- Secondary Care Specialist Doctor
- Nine GP Governing Body Members
- A Practice Manager (non-voting)

During the 2014/15 year, the Governing Body met on a monthly basis, with alternate meetings being Governing Body development sessions. Five development sessions were held in total with seven meetings held in public. The average attendance at Governing Body meetings was 77%[2], all meetings being quorate. An assessment of Governing Body business was carried out to map business conducted to ensure that the focus of discussion and debate remained on the roles of strategy, leadership, governance and transparency and holding the executive to account for delivery. The pie chart below depicts the focus of Governing Body activity, which is reflective of the role of the CCG and the environment in which it currently operates. The delivery of CCG strategy runs throughout each of these areas, which has empowered the CCG to deliver its strategic aims over the last year.



A Governing Body Effectiveness Self-Assessment was carried out in two discrete work-steams as the basis of an initial assessment that can be built into a more detailed programme of work during 2015/16. Firstly, all Governing Body Members were asked to answer four simple, but very strategic questions to assess their understanding of how the CCG is performing as well as how the Governing Body operates, the questions were:

[2] Officer members average attendance was 90%, whilst GP member average attendance was 65%.

1. What do you understand the key strategic objectives of the CCG to be? Do you think we have me them?
2. What is your role as a Board Member, why did you join? Are you achieving what you set out to do?
3. Do you get enough information at Board to allow you to discharge your role? Do you think it is sufficiently strategic?
4. What should / could we change or do differently at the Board?

Secondly, a desktop exercise was carried out to assess the maturity of systems of governance at the CCG against the criteria set out by the Good Governance Institute (GGI) (as part of the Governance programme commissioned by NHS England). The findings of the two work streams are set out below:

Outcome of Strategic Questions:

Xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx

Xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx

xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx

Outcome of GGI Maturity Assessment:

The assessment model sets five levels to reaching 'mature' governance arrangements. During the year the CCG has generally moved from the Basic Level (1) to Early Progress (level 2) and in some cases is demonstrating Level 3 and 4 compliance. The latter being a demonstration of successes in Public and Community Engagement. The following table sets out the assessment in more detail.

Area	Statement	Level Demonstrated
Clarity of Purpose	Knowledge of purpose and vision by governing body and others in leadership roles.	Level 2 – Early Progress
Leadership and Strategic Direction	CCG Leadership has been identified and strategic goals agreed and published. Governing body members are clear on their roles, both individual and as part of a group, on the Governing Body.	Level 1 – Basic Level
Effectiveness of Relationships	The CCG's working approach can be characterised as thoughtful about the quality of relationships internally and with key partners.	Level 2 – Early Progress
Membership Support	Members general engaged in CCG business and participate at various levels in decision-making. Members comply with decisions and policies agreed by the CCG.	Level 2 – Early Progress

Area	Statement	Level Demonstrated
Pubic and Community Engagement	Leaders in the CCG value community input as a source of insight that helps make better decisions; CCG is able to demonstrate that public/community engagement has led to change. Engagement methods in line with sound social science practice.	Level 4 – Maturity
Quality and Safety Structures and Systems	CCG decisions and operational plans can be linked to formal CCG structures and systems to improve care standards in line with evidence-base. New responsibilities such as collaborative commissioning have been formalised. Systems are in place that enable the CCG to deliver its duty of care, including safeguarding.	Level 3 – Results
Focus on Outcomes	Desired improvement in outcomes agreed, and good baseline data used by key players in CCG.	Level 1 – Basic Level
Better Decision-Making	Matters for decision by the CCG are supported by evidence and data. Matters for decision are supported by clear, high-quality papers and discussions clearly involve considering the evidence.	Level 2 – Early Progress
Control Systems	Control and assurance systems are starting to routinely identify outlier behaviours and rectify these. Instruments such as the assurance framework and risk registers are known and understood by Governing Body members. Internal audit reports and opinions are acted upon.	Level 2 – Early Progress
Legal and Regulator Compliance	CCG Performance reports and reviews of operations show progress towards goals relating to legal duties, such as equalities, integration and quality of care.	Level 3 – Results
Organisational Effectiveness	Examples of better working practices being adopted. Routine review of governance mechanisms agreed. Personal development plans agreed for key staff and governing body members.	Level 2 – Early Progress

The Governing Body now has a pathway for the development of its Governance Arrangements going forward and so in 2015/16 we will be holding a seminar meeting to further explore the GGI maturity matrix to identify key deliverables and set out a work programme for the year, at the same time raising awareness of the Governing Body members of what a 'mature' Governing Body looks like. In addition the results of the strategic questions have been fed into a 'tracker' so that the Head of Corporate Governance can strategize how Board reporting, presentation of papers, and explicit discussion and development of 'Strategy' can be strengthened.

To support the Governing Body in carrying out its duties effectively, a number of **Sub-Committees have been established**. The remit and terms of reference of these sub-committees have been reviewed in year and are available on the NHS Thurrock CCG Website, in summary:

- The Audit Committee met quarterly and has delegated responsibility for ensuring that adequate assurances have been received over the CCG systems of internal control, and to provide an independent and objective review on its financial systems, financial information and compliance with laws, guidance and regulations governing the NHS. In order to ensure that the Audit Committee is as effective as possible and is quorate at every meeting, the CCG recruited an additional lay member who has served as a full member of the Committee. All meetings were quorate with an average attendance of 88%.

  The Audit Committee approved work programmes for Internal and External Audit as well as the CCG's Local Counter Fraud Specialist (LCFS). Regular reports have been received from each assurance provider which has informed the management of risk through the CCG Governing Body Assurance Framework. The Audit Committee has also monitored recommendations and taken pro-active measures to call on management to bring forward corrective actions where appropriate. An annual self-assessment of the effectiveness of the committee has been conducted along-side a review of the work of the committee over the year, which has been collated into an annual report to the Governing Body. Learning from the work this past year, the Audit Committee has undertaken to XXXXXXXXX

- The Quality and Governance Committee met on a monthly basis and has delegated responsibility for providing assurance over the quality of services commissioned on behalf of the patients to ensure quality, safety and a positive patient experience and that the CCG's statutory responsibilities in that respect are met. In addition, that adequate governance structures are in place and operating effectively in accordance with the CCG Constitution. All meetings were quorate with an average attendance of 83%.

  The Committee received assurances from the Commissioning and Quality teams within the CCG with regard to patient quality, safety and experience and from the Head of Corporate Governance in relation to the governance, performance and risk aspects of the committee's work. Evidence and learning of the Pan Essex Quality Surveillance Group (EQSG), attended by the (Acting) Interim Accountable Officer and the Executive Nurse, is fed into this group. One of the key work streams of the Quality and Governance Committee during 2014/15 was continuing to work with NHS Basildon & Brentwood CCG to monitor improvements in quality and Basildon & Thurrock University Hospitals NHS Foundation Trust (BTUH) and the Trust's implementation of

recommendations from the Keogh Review and Care Quality Commission (CQC) inspections, leading to the lifting of special measure by the CQC in June 2014. An annual self-assessment of the effectiveness of the committee has been conducted along-side a review of the work of the committee over the year, which has been collated into an annual report to the Governing Body. Learning from the work this past year, the Quality and Governance Committee has undertaken to XXXXXXXXX

- The Finance & Performance Committee met on a monthly basis and has delegated responsibility for scrutiny of the financial performance of the CCG, to ensure that financial issues are being appropriately managed and escalated where necessary, as well as reviewing the performance of the main services commissioned by the CCG. All meetings were quorate with an average attendance of 87%.

  A key highlight from the work of the Finance & Performance Committee during 2014/15 was the effective co-ordination of the CCG's work to ensure that the organisation met it statutory duties around year-end financial position. An annual self-assessment of the effectiveness of the committee has been conducted along-side a review of the work of the committee over the year, which has been collated into an annual report to the Governing Body. Learning from the work this past year, the Finance & Performance Committee has undertaken to XXXXXXXX

- The Remuneration Committee met seven times during the year, having delegated authority as an independent committee responsible for making decisions on behalf of the Governing Body on all aspects of the remuneration and terms of service of CCG Executive and Governance Body Members to ensure that fairness, equity and consistency is applied in the remuneration and performance management process. The terms of reference of the committee has been reviewed and updated during the year. All meetings were quorate with 100% attendance.

- The QIPP Core & Stakeholder Committees, responsible for ensuring the delivery of the Quality, Innovation, Productivity and Prevention initiative met nine times during the year with an average attendance of 58%.

Comment [MN(NTC2]: Rahul to provide update

Two additional groups have been established as follows:

- The Commissioning Reference Group, responsible for the scrutiny and management of the commissioning function, reporting into the Quality and Governance Committee.

Comment [MN(NTC3]: Len to provide an update

- The Clinical Engagement Group, providing the forum for engagement with Practices over clinical functions and pathways, reporting into the Governing Body.

Comment [MN(NTC4]: Rahul to provide update

The Clinical Commissioning Group Risk Management Framework

The CCG has in place a risk management strategy that is reviewed annually and has been distributed to Governing Body members, staff and key partners. The Audit Committee is responsible for developing and endorsing the Risk Management Strategy, which is ultimately approved by the Governing Body.

The Governing Body Assurance Framework (GBAF) is the CCG's principal tool for monitoring and managing the risks to the achievement of its strategic objectives and statutory duties. This register captures the highest rated risks. The CCG also maintains a Corporate Risk Register (CRR) which records and monitors the lower-rated risks. The GBAF and CRR are updated on an on-going basis, with a formal review undertaken on a quarterly basis. This formal review involves one-to-one meetings between the Head of Corporate Governance and each risk owner (one of the executive officers) to review changes in the controls and assurances and progress against agreed actions since the previous review. The GBAF and CRR are then scrutinised in detail by the Audit Committee and the Quality and Governance Committee prior to submission and formal approval by the Governing Body at one of its meetings in public. This provide an opportunity for the public to be informed of NHS Thurrock CCG risk management processes and also to participate in discussions and action plans related to the management of those risks.
The GBAF follows the nationally recognised approach used within the NHS, which has been audited and deemed appropriate by the CCG Internal Auditors. The following key areas are highlighted within the GBAF:

- Strategic Objective to which the risk relates
- The risk identified (and the consequence of that risk)
- A risk assessment as to the consequence of the risk and the likelihood of the risk occurring
- Lead responsible for risk and the date of last assessment
- The control framework in place to protect / manage the risk area
- The assurances received (from internal or external sources) as to how the control framework is operating, and whether they are providing positive or negative assurance (i.e. the control are or are not working)
- A gap analysis of any missing controls or assurance
- Current performance (an indicator of whether the risk is being realised)
- A chart showing how the risk has changed over time.

The CCG's risk assessment process ensures a consistent approach is taken to the evaluation and monitoring of risk in terms of assessing the consequence of risk and the likelihood of it occurring using the classification matrix system based on the Australian and New Zealand National Standard for Risk Management (AS/NZ 4630:1999). Both the consequence and likelihood of risk are scored on a scale of 1 to 5 (5 representing the highest risk or certainty of it occurring). The combined score is then categorised as Low Risk (scores between 1 and 3), Moderate Risk (scores between 4 and 6), High Risk (scores between 8 and 12), and Extreme Risk (scores between 15 and 25).

The GBAF process during 2014/15 was developed to include a definition of the amount of risk that the Governing Body is prepared to accept, tolerate or be exposed to at any one point in time; its risk appetite. This varied depending on the category of risk and was agreed by the Governing Body in February 2014, as set out in the table below:

Risk Category	Appetite	Rationale
Financial Statutory Duties	Low	Achieving financial balance both within the CCG and in the wider local health economy is both a strategic priority and a statutory duty.

Risk Category	Appetite	Rationale
		Therefore the CCG will not accept any risk that (if realised) will threaten this.
Fraud and negligent financial loss	Low	The CCG will not tolerate financial losses from fraud and negligent conduct as this represents corporate failure to safeguard public resources.
Safety	Low	We hold patient and staff safety in the highest regard and will not accept any risks that threaten this.
Quality	Low	The CCG will commission high quality services for our patients. We will only rarely accept risks which threaten that goal.
Regulatory / Compliance	Low	The CCG will comply with all applicable legislation and will not accept any risk which (if realised) would result in non-compliance.
Reputation	Moderate	The CCG will maintain high standards of conduct and will accept risks that may cause reputational harm only in certain circumstances and where the benefits outweigh the risk.
Partnerships, Engagement and Collaborative Working	High	The CCG will work with its member practices and other organisations (including but not restricted to other CCGs and Local Authorities) to ensure the best outcome for patients and communities. We are willing to accept the risks associated with a collaborative approach.
Innovation	High	We encourage a culture of innovation and are willing to accept risks associated with this approach where they do not threaten risk areas that the CCG are not prepared to accept (as defined above e.g quality patient care).

If a risk score is higher than the appetite for that particular category of risk, the Governing Body accept that more action will need to be taken to manage the risk down to an acceptable level. The risk lead is therefore required to manage the risk by on-going monitoring of performance and strengthening the control frameworks in place to reduce the likelihood of risk. This will include seeking assurances as to how controls have been established are if they are operating well, in practice. Once the risk score is has reduced to the acceptable risk appetite, it will be considered tolerable (although it will continue to be monitored as part of the CRR and the CCGs governance structures rather than 'rigorous' management.

Risk management has been embedded in the activity of NHS Thurrock CCG through the introduction of risk being discussed as a standing agenda item of all committees and periodically at team meetings. The effectiveness of this change is evident in the on-going updating of the GBAF and CRR outside of the scheduled quarterly review process. Incident reporting is also openly encouraged and feeds into the CCG risk management processes to demonstrate how risks have changed and inform updates to the GBAF and CRR.

Although the GBAF and CRR are presented at public Governing Body meetings with reports made available on the CCG Internet site, the involvement of public stakeholders is largely delivered through the Commissioning Reference Group which is chaired by the Lay Member (for Patient and Public Involvement). The group discuss risks that are public and patient facing and raise issues of concern to feed into the CCG overarching risk management process. A feature of this group during 2014/15 was the development of the Walk In Centre which …….

Comment [MN(NTC5]: Beata drafting statement to include.

Partnership working is important to the CCG to enable the delivery of wider community health objectives. A representative from the Local Authority attends CCG Governing Body meetings, and the (Acting) Interim Accountable Officer and other members of the executive team sit on multi-agency groups and Governing Bodies such as the Health and Wellbeing Board, Local Safeguarding Children Board and the South Essex CCGs Collaborative Forum, where risks are discussed and managed collectively. Information and decisions from these groups are reflected in the CCG's risk registers where relevant.

Measures aimed to **prevent risk** have been established through the strategic development and implementation of organisation risk management and corporate governance, which forms part of the CCGs Internal Control Framework, set out below.

Deterring risk is achieved by publicising the consequences of non-compliance for example by explaining in policies the actions that will be taken (e.g. disciplinary proceedings) where policy is not followed. Pro-active Security and Counter Fraud programmes also seek to deter fraud by raising awareness among staff and strengthening the reporting of fraud and incidents; as reporting of issues increase, so does the deterrent effect of publicising any wrong doing.

Current risks are managed through the risk systems and framework described above whereby actions are taken to strengthen internal control mechanisms that govern the risk area concerned. Strong internal control mechanisms signify a lower likelihood of risks being realised and so the CCG manage current risks by strengthening those control mechanisms to reduce likelihood scores and consequently the overall score of each identified risk area. Where the CCG has no direct input to internal control mechanisms it manages the risk through contract monitoring and working in partnership with the organisation who owns the risk (e.g. Acute Providers)

The Clinical Commissioning Group Internal Control Framework

A system of internal control is the set of processes and procedures in place in the clinical commissioning group to ensure it delivers its policies, aims and objectives. It is designed to identify and prioritise the risks, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control allows risk to be managed to a reasonable level rather than eliminating all risk; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The framework of internal control describes how staff should act and what measures should be taken to protect the achievement of CCG Objectives; this is set out within the CCG Constitution, a suite of policy documentation and associated procedures (which are regularly updated to ensure they reflect current legislation, guidance and good practice thinking). A rigorous training programme ensures that staff are fully versed in correct procedure and can avoid any pitfalls that could lead to risk exposure. This includes specialist training for certain staff, as required by legislation and good practice and is complemented by raising staff awareness regularly at team meetings and through newsletters. Currently the CCG has an average training rate of 84% for mandatory training, which includes Fire Safety, Safeguarding, Risk Management, Manual Handling and Information Governance.

Regular monitoring and incident reporting highlights any issues of non-compliance or where controls require strengthening, which is reported through the appropriate committee who are tasked with ensuring actions are taken to address those issues and further assurance is sought to verify the adequacy of the internal control in that particular area. Learning lessons from adverse and serious incidents, complaints and concerns, internal audit recommendations, performance management and individual peer reviews, benchmarking information from NHS England, regulators such as the Care Quality Commission and from national inquiries and reviews enables the CCG to embed learning from other organisations and further develop our own systems of internal control.

During the year the CCG repatriated the Complaints service so that it can take better ownership of the process, ensure duty of Candour is implemented appropriately and to embed lessons to be learned.

The Audit Committee is the primary committee charged with monitoring the CCG systems of Internal Control, supported operationally by the Head of Corporate Governance who has delegated responsibility for managing the strategic development and implementation of organisational risk management and corporate governance, ensuring that it is embedded within the organisation. Examples of how this has been achieved is the production of an easy-read guide to risk management being circulated to Governing Body members and staff (supporting training) to ensure that risk management is fully understood. This also included a standard template for reporting new risks, streamlining the process for risk management outside of the formal quarterly review, as well as specific training sessions being delivered for senior commissioners regarding the conducting of equality impact assessments on several key policies, reducing the risk of failing to fully comply with the Equality Act 2010.

SERVICE AUDITOR REPORTS HAVE BEEN PROVIDED FOR ...

Information Governance

The NHS Information Governance Framework sets the processes and procedures by which the NHS handles information about patients and employees, in particular personal identifiable information. The NHS Information Governance Framework is supported by an information governance toolkit and the annual submission process provides assurances to the clinical commissioning group, other organisations and to individuals that personal information is dealt with legally, securely, efficiently and effectively.

The CCG has established mechanisms for managing risks to data security. The Chief Operating Officer (currently the (Acting) Interim Accountable Officer) has been appointed as the Senior Information Risk Owner (SIRO) and the Executive Nurse fulfils the role of Caldicott Guardian. Both post holders have received formal training on the specific requirements of these roles. The CCG obtains specialist information governance services hosted by the NHS Basildon and Brentwood Clinical Commissioning Group for which a formal service specification and service level agreement were in place throughout the 2014/15 financial year.

NHS Thurrock CCG place high importance on ensuring there are robust information governance systems and processes in place to help protect patient and corporate information. We have established an information governance management framework and are developing information governance processes and procedures in line with the information governance toolkit. We have ensured all staff undertake annual information governance training and have implemented a staff information governance handbook to ensure staff are aware of their information governance roles and responsibilities. During the year, the CCG successfully completed the IG Toolkit at Level 2, as mandated by the Department of Health. This is a nationally accredited process which requires the submission and validation of the CCG's system of internal control with regard to all aspects of information governance and data security.

There are processes in place for incident reporting and investigation of serious incidents and we have developed an information risk assessment and management programme to begin to fully embed an information risk culture throughout the organisation. During the 2014/15 year, there was no reported Significant Incidents Requiring Investigation (SIRI) resulting from information security breaches.

Risk Assessment in Relation to Governance, Risk Management & Internal Control

The top three risks to the CCG (all rated extreme) have remained largely consistent throughout the 2014/15 year as follows:

- Quality of care delivered by East of England Ambulance Service NHS Trust (EEAST) may fail to improve, be sustainable, or may deteriorate;
- Quality of care delivered by Barking, Havering & Redbridge Hospitals NHS Trust (BHRT) may fail to improve, be sustainable or may deteriorate;
- The CCG may have insufficient managerial and clinical capacity to deliver all of its statutory duties and strategic objectives due to the size of the CCG.

Risks surrounding the quality of care as Basildon & Thurrock University Hospitals NHS Foundation Trust has changed significantly over the year firstly increasing in relation to special measures imposed by the regulator MONITOR, which were subsequently lifted in the summer months, reflected in a decrease in the risk score, but then more recently increasing to a high risk again given the current financial difficulties experienced by the Trust.

One risk was removed from the GBAF completely concerning the transition of commissioning support services following the closure of NHS Central Eastern Commissioning Support Unit. All services successfully transferred to new providers and consequently the risk no longer exists.

The risk profile for NHS Thurrock CCG is depicted in the chart below:

INSERT CHART OF RISK PROFILE

The Chair, (Acting) Interim Accountable Officer and Executive team have undertaken quarterly assurance and performance meetings with the Essex Area Team of NHS England. The CCG is highly aware of the need to manage the principle risks to compliance with its licence. In order to mitigate these risks, the Governing Body keeps the following factors under continual review:

- The effectiveness of governance structures
- The responsibilities of Executive Officers and committees
- Reporting line and accountabilities between the Governing Body, its committees and sub-committees and the executive team
- The submission of timely and accurate information to assess risks to compliance with the CCG's licence, and
- The degree and rigour of oversight that the Governing Body has over the organisation's performance.

The Governing Body maintains a high degree of oversight with regard to the performance of the CCG and the providers from whom it commissions services. Management of financial performance is undertaken in detail by the Finance & Performance Committee during its monthly meetings. Performance in terms of patient safety and quality and is a standing item for all Quality and Governance and Governing Body meetings.

Review of Economy, Efficiency & Effectiveness of the Use of Resources

Ensuring economy, effectiveness and efficiency in the use of resources is an important principle of the CCG and is outlined in the corporate governance framework adopted by the Board. To ensure economy, efficiency and effectiveness in the use of resources is achieved; appropriate procurement procedures are in place, including the tendering of goods and services where necessary. Part of the role of the internal audit service that the CCG commissions involves reviewing, appraising and reporting upon the use of resources within the organisation.

A key priority for the CCG looking forward is to ensure that maximum value for money is being achieved through effective commissioning arrangements, as the majority of the CCG's expenditure is spent on commissioning healthcare services. While all healthcare providers, are required to deliver a continuous programme of QIPP, the CCG also must demonstrate that it is properly considering the health needs of the local population and commissioning those services that address those needs. The CCG uses the JSNA and the Commissioning for Value tools alongside other benchmarking tools to ensure identification of the areas for review to identify future QIPP schemes.

Leadership for the strategy and direction in ensuring economy, efficiency and effectiveness in the use of resources comes from the Board. The on-going monitoring of CCG progress is undertaken by the Audit Committee through the management and direction of the internal audit programme and regular reviews of risk, and also by the Board through receipt of regular financial and commissioning updates.

During 2014/15 the CCG has continued to work with our NHS and social care colleagues across South Essex in developing system-wide Quality, Improvement, Productivity and Prevention plans setting out how the we will respond to the challenging financial climate in which the NHS and the wider public sector will operate over the coming years.

The CCG's overall financial management arrangements and use of resources were also subject to review by the CCG's external auditors as part of their annual review of the CCG's accounts.

Review of the Effectiveness of Governance, Risk Management & Internal Control

As (Acting) Interim Accountable Officer I have responsibility for reviewing the effectiveness of the system of internal control within the clinical commissioning group.

Capacity to Handle Risk

The (Acting) Interim Accountable Officer has overall responsibility for the ensuring that the CCG has the necessary capacity to effectively identify and manage risk. The Accountable Officer provides executive leadership to the risk management process.

The Chief Finance Officer has delegated responsibility for managing the strategic development and implementation of financial risk management.

The Executive Nurse has delegated responsibility for managing the strategic development of clinical risk management and clinical governance.

The Head of Corporate Governance has operational responsibility for risk management, including the regular review of the GBAF.

All executive officers and senior managers are responsible for ensuring that appropriate and effective risk management processes are in place within their designated areas and scope of responsibility.

Seminars on risk management for CCG Governing Body members and Officers took place in November and December 2014. Specialist training for Governing Body members and staff on the management of conflicts of interest and the detection and prevention of fraud was provided during the 2014/15 year.

The CCG obtains specialist support and advice in relation the management of risk associated with business continuity and emergency planning, resilience and response (EPRR) from a specialist EPRR team which is hosted by NHS Mid Essex. This team provides services to all CCGs in Essex and operates under a service level agreement which is formally monitored on a bi-monthly basis.

Review of Effectiveness

My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers and clinical leads within the clinical commissioning group who have responsibility for the development and maintenance of the internal control framework. I have drawn on performance information available to me. My review is also informed by comments made by the external auditors in their annual audit letter and other reports.

The *Governing Body Assurance Framework* itself provides me with evidence that the effectiveness of controls that manage risks to the CCG achieving its principles objectives have been reviewed.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Governing Body, the Audit Committee and Quality & Governance Committee, if appropriate and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Review of the system of internal control is a key responsibility of the Audit Committee. Throughout the year, this committee has reviewed and endorsed key elements of the system of internal control, including the risk management strategy, the corporate governance manual (comprising the standing orders, standing financial instructions and scheme of delegation), the work of the local counter fraud specialist (LCFS) and the implementation of the conflicts of interest policy. The Governing Body receives assurance on the work of the Audit Committee by means of receipt of minutes at Governing Body meetings. The Lay Member (Governance), who is also Chair of the Audit Committee, verbally highlights issues pertinent to the system of internal control during Governing Body meetings. Neither the Audit Committee nor the Governing Body has expressed significant concerns about the adequacy of the system of internal control during the 2014/15 year

Following completion of the planned audit work for the financial year for the clinical commissioning group, the Head of Internal Audit issued an independent and objective opinion on the adequacy and effectiveness of the clinical commissioning group's system of risk management, governance and internal control. The Head of Internal Audit concluded that:

Significant assurance can be given that there is a generally sound system of internal control, designed to meet the CCG's objectives, and that controls are generally being applied consistently. However, some weakness in the design and/or inconsistent application of controls put the achievement of particular objectives at risk;

Basis for the Opinion

The basis for forming my opinion is as follows:

1. An assessment of the design and operation of the underpinning Assurance Framework and supporting processes; and

2. An assessment of the range of individual opinions arising from risk-based audit assignments contained within internal audit risk-based plans that have been reported throughout the year. This assessment has taken account of the relative materiality of these areas and management's progress in respect of addressing control weaknesses.

The commentary below provides the context for my opinion and together with the opinion should be read in its entirety.

The Design and Operation of the Assurance Framework and Associated Processes

The review consisted of an evaluation of the processes by which the Governing Body obtains assurance on the effective management of significant risks relevant to the CCG's principal objectives. An Assurance Framework has been developed aligned with organisational objectives. Significant risks and key controls are identified and included on the framework which is subject to regular review. Controls and assurances are evaluated to identify gaps.

Conclusion

It is my opinion that we can provide Significant[3] Assurance that the Assurance Framework is sufficient to meet the requirements of the 2014/15 AGS and provide a reasonable assurance that there is an adequate and effective system of internal control to manage the significant risks identified by the CCG.

The Range of Individual Opinions Arising from Risk-Based Audit Assignments, contained within risk-based plans that have been reported throughout the year

Planning

The Assurance Framework provides a high level governance framework to ensure that the key risk areas likely to impact the CCG's business objectives are properly controlled. We therefore use the Assurance Framework to drive our annual planning.
As part of the Risk Assessment that feeds into our planning, we use information contained in business plans, committee minutes, risk registers and the assurance framework, as well as interviewing directors and managers to aid our understanding of organisational processes.

No limitation of scope or coverage was placed upon our internal audit work.

Results of Internal Audit Work

Having successfully integrated a new financial ledger and number of other outsourced operational systems into the successful launch of a new legal entity during 2013/14, the CCG expected to operate in a more stable environment during 2014/15. However, with Central Eastern CSU taking the decision to cease trading from 1st October 2014, the CCG had to take steps to repatriate a number of financial systems, whilst finding alternative outsourced providers for others. As a result, the CCG entered into service level agreements with North East London CSU for the provision of financial services, and Arden CSU for the assessment of Continuing Health Care cases.

Comment [MN(NTC6]: Ade querying this with the auditors as isn't factually correct.

Our plan focussed on a number of areas to provide assurance to those charged with governance that risks in these areas were being addressed. The plan therefore consisted of audits of Financial Systems Key Controls (including Payroll); Governance, Risk Management and Assurance Framework; Conflicts of Interest; Medicines Management – Prescribing; Continuing Healthcare Costs – Restitution; QIPP; IG Toolkit; and Recommendation Follow Up.

During the year the Internal Audit issued the no audit reports with a conclusion of 'limited' or 'no' assurance.

Data Quality

The Governing Body are provided with a range of quantitative and qualitative information throughout the year. This information relates to all aspects of the performance of the CCG and the providers from whom the CCG commissions services. The Governing Body has expressed no dissatisfaction with the quality or quantity of information that they have received from the CCG during 2014/15. A review

[3] *The Governance, Risk Management and Assurance Framework audit was assigned an Adequate Assurance Audit Opinion, which provides me with significant assurance that the Assurance Framework is sufficient to meet the requirements of the AGS.*

of information received at all committees will be undertaken during 2015/16 to determine whether assurance over the quality of the data from third parties is required.

Business Critical Models

The CCG Operates a robust governance framework that promotes openness and transparency and follows standard NHS approaches to ensure that every process can be audited. A process has been started to review the framework and environment is in place to provide quality assurance of business critical models, in line with the recommendations in the Macpherson report.

Confirm that all business critical models have been identified and that information about quality assurance processes for those models has been provided to the Analytical Oversight Committee, chaired by the Chief Analyst in the Department of Health.]

Comment [MN(NTC7]: Paragraph to be clarified

Data Security

We have submitted a satisfactory level of compliance with the information governance toolkit assessment.

There have been no Serious Incidents Requiring Investigation relating to data security breaches.

Discharge of Statutory Functions

During establishment, the arrangements put in place by the CCG and explained within the *Corporate Governance Framework* were developed with extensive expert external legal input, to ensure compliance with the all relevant legislation. That legal advice also informed the matters reserved for Governing Body decision and the scheme of delegation.

In light of the Harris Review, the CCG has reviewed all of the statutory duties and powers conferred on it by the National Health Service Act 2006 (as amended) and other associated legislative and regulations. As a result, I can confirm that the CCG is clear about the legislative requirements associated with each of the statutory functions for which it is responsible, including any restrictions on delegation of those functions.

Responsibility for each duty and power has been clearly allocated to a lead Director. Directorates have confirmed that their structures provide the necessary capability and capacity to undertake all of the CCG's statutory duties.

Conclusion

I concur with the Head of Internal Audit Opinion cited above that during the 2014/15 year, there has been a generally sound system of internal control, designed to meet the organisation's objectives,

and that controls have been generally applied consistently. No significant internal control issues have been identified.

Mandy Ansell

(Acting) Interim Accountable Officer

[x] May 2015