

REPORT CLASSIFICATION	✓	CATEGORY OF PAPER	✓
Official	✓	Proposes specific action	
Official: Sensitive Commercial		Provides assurance	✓
Official: Sensitive Personal		For information only	

<b>BOARD</b>  <b>1 July 2022</b>
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<b>Report Title:</b>	<b>CCG Closedown and Due Diligence Assurance Report</b>
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<b>Purpose of report</b>
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To provide assurance to the Board with regards to the North East and North Cumbria CCGs closedown and due diligence process and activities that have taken place over the last six months.

<b>Key points</b>
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This report provides an update of progress against CCG closedown activities and summarises all CCG closedown high level and shared risk / issues and areas of concern expressed to date. As part of the agreed approach to NENC CCGs closedown due diligence, all CCGs were asked to identify local operational transitional risks / issues (via their strategic and corporate risk registers and / or programme / project risk registers / issue logs).

As part of the NHS England stipulated ICB establishment timeline, all NENC CCGs provided formal assurance of CCG closedown due diligence activities to the ICB Chief Executive on 30<sup>th</sup> June 2022.

It is recognised that there are several CCG closedown activities that will transfer to the ICB (due to time-bound constraints) and the ICB Executive will have oversight of these transitional activities. All CCG closedown transitional activities have been recorded in an action log and the ownership transferred to the ICB Executive for oversight and monitoring purposes on 1<sup>st</sup> July 2022.

<b>Risks and issues</b>
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CCG closedown high level and shared risks and issues have been included in the report for information.

<b>Assurances</b>
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A lead was identified within each CCG for the Due Diligence process. A process is in place as part of the ICS Governance Workstream and Due Diligence sub group to ensure all CCG functions, supported by NECS, were included in the review along with updates on progress which were included in the overall checklist for review by each CCG. A final assurance statement with supporting documentation was signed by respective CCG Accountable Officers and submitted to the ICB Chief Executive (Designate) for assurance as part of the transition process.

Recommendation/Action Required						
The Board is asked to note the content of the report and note the outlined high level and shared CCG closedown activity risks and issues.						
<b>Sponsor/approving director</b>	Claire Riley, Executive Director of Corporate Governance, Communications and Involvement (Designate)					
<b>Report author</b>	Aimee Tunney, Governance & Assurance Manager, North of England Commissioning Support Unit (NECS)					
Link to ICB corporate aims (please tick all that apply)						
CA1: Improve outcomes in population health and healthcare						
CA2: tackle inequalities in outcomes, experience and access						
CA3: Enhance productivity and value for money						
CA4: Help the NHS support broader social and economic development						✓
Relevant legal/statutory issues						
In line with NHS England ICB Establishment Timeline and CCG Closedown Due Diligence Checklist.						
<b>Any potential/actual conflicts of interest associated with the paper?</b> (please tick)	<b>Yes</b>		<b>No</b>		<b>N/A</b>	✓
If yes, please specify						
<b>Equality analysis completed</b> (please tick)	<b>Yes</b>		<b>No</b>		<b>N/A</b>	✓
<b>If there is an expected impact on patient outcomes and/or experience, has a quality impact assessment been undertaken?</b> (please tick)	<b>Yes</b>		<b>No</b>		<b>N/A</b>	✓
Key implications						
<b>Are additional resources required?</b>	None identified. The ICB Executive will have ownership and oversight of the CCG closedown transitional action log from 1 <sup>st</sup> July 2022.					
<b>Has there been/does there need to be appropriate clinical involvement?</b>	Not applicable.					
<b>Has there been/does there need to be any patient and public involvement?</b>	Not applicable					
<b>Has there been/does there need to be partner and/or other stakeholder engagement?</b>	ICS workstreams.					

## CCG Closedown Due Diligence Assurance Report

### 1. Introduction

Due diligence is necessary to enable safe and effective transfer from sending organisations to receiving organisations. The CCG closedown due diligence process was supported by a bespoke checklist provided by NHSE specifically designed for the ICS implementation programme. A staff and property transfer scheme is the legal instrument used for the transfer.

CCG Accountable Officers were accountable for CCG closedown due diligence. As the accountable persons, CCG Accountable Officers agreed to a joint coordinated approach for due diligence, working together / sharing information, as appropriate to prevent duplication. A Senior Responsible Officer (SRO) was identified to oversee the CCG closedown due diligence process and related activity.

### 2. Joint Coordinated Approach

A CCG Closedown Due Diligence Sub-Group was established, and assurance reporting arrangements were agreed to ensure that the group had oversight and were cited on all risks and issues identified, as part of the due diligence process. The Due Diligence Sub-Group membership consisted of CCG Chief Operating Officers and CCG Chief Finance Officers.

It was recognised that there were opportunities for some of the due diligence areas/activities to be coordinated from a central perspective; noting that individual CCGs remained the accountable and responsible parties for CCG closedown due diligence. Where a central function was identified the Project Manager for CCG closedown due diligence (Governance & Assurance Manager, NECS) acted as a central point of contact and liaised with ICS workstream leads and CCG Governance leads to coordinate information once for that specific function.

Where specific functions were identified as being a locally led CCG functions, CCGs collated this information individually (via CCG Governance Leads) and liaised with the CCG Due Diligence Project Manager to ensure there was no duplication. The CCG Due Diligence Project Manager was responsible for liaising with the ICS workstreams and collating central function information. The CCG Due Diligence Project Manager provided assurance to the Due Diligence Sub-Group regarding progress and activities undertaken by ICS workstreams or NECS service delivery teams on a fortnightly basis via

assurance reporting mechanisms. This included highlighting and escalating any risks and / or issues that had been identified by ICS workstreams or NECS service delivery teams.

A PMO approach to CCG closedown due diligence was implemented and a comprehensive implementation plan and timeline (appendix 1) was established and agreed by the Due Diligence Sub-Group. Various progress and validity checkpoints were completed throughout the CCG closedown due diligence implementation and Audit One, Internal Auditors were consulted and actively part of the 'checkpoints', attending all NENC CCGs Senior Leader 'check and challenge' workshops.

### **3. Risks and / or Issues escalation**

All high risks and / or issues and shared risks identified continued to be escalated to the Due Diligence Sub-Group for review and consideration. The Due Diligence Sub- Group either accepted the risk and/ or issues or identified if 1. further clarity was required 2. additional evidence was required or 3. requested the appropriate lead attended the next Due Diligence Sub-Group to discuss the risk / issue further.

Onward risk and issue escalation arrangements were established and the ICB Programme Board were sighted on all high risks and issues identified.

All CCG closedown risks and issues identified by ICS workstreams, or NECS service delivery teams are outlined at appendix 2. These risks or issues are considered high-level and / or shared risks/issues (impact on multiple NENC CCGs).

### **4. Forms of Assurance**

#### **4.1 CCG Due Diligence**

CCG due diligence assurance was provided throughout the agreed due diligence programme. Formal assurance was provided internally to the ICB Programme Board (as required), the ICS Integrated Governance workstream (fortnightly), the ICB full work-stream meetings (monthly) and through CCG local Committee arrangements (bi-monthly).

AuditOne, Internal Auditors were actively part of the agreed joint approach and attended and inputted to a variety of 'checkpoints' throughout the lifecycle of the programme. No concerns or issues were highlighted by internal audit.

On 1<sup>st</sup> April 2022, the CCG closedown due diligence SRO and Project Manager met with NHS England's Regional Transitional team to discuss the approach implemented progress made with regards to CCG closedown activities. No concerns were expressed, and full assurance was received.

## 4.2 Internal Audit Advisory Review

As part of the due diligence assurance work being undertaken by AuditOne, an additional review has been undertaken to explore specific aspects of CCG governance in readiness for transition to the ICS.

The terms of reference for the review were to:

- Review any significant areas of risk CCGs have been managing to better understand the assurance processes currently in place and to identify how these might inform the development of a robust assurance framework and risk management process for the ICB from 1 July
- Ensure that the ICB can be assured that risk management activities, systems for internal control and in particular those that are related to areas of high risk linked to quality, safety, reputational and financial risk that CCGs have managed will be novated to the ICB from 1 July.
- Understand the process CCGs have used, to understand ways of working and to inform the recommendations that may support a robust and clear approach to risk management for the ICB
- Hear from the audit chairs, how they feel their work and approach can contribute to the ICB risk management approach going forward.

The report set out six recommendations for the ICB to consider going forward. These included:

- Consideration of the non-executive portfolios
- Suggestions for early audit reviews for continuing healthcare and risk management arrangements as part of the ICB's annual audit programme
- Any outstanding audit actions from the CCG audits to be tracked for completion by the ICB.

The report will be shared with the ICB Audit Chair to ensure the above recommendations are followed up and completed.

## 5. Next Steps

A CCG closedown transitional action log has been established and the ICB Executive have been identified as the owners of the log. Actions will continue to be monitored and updated throughout July 2022 and reported to the ICB Executive meeting.

#### 4. **Recommendations**

The Board is asked to note the CCG closedown and due diligence joint coordinated approach and process implemented.

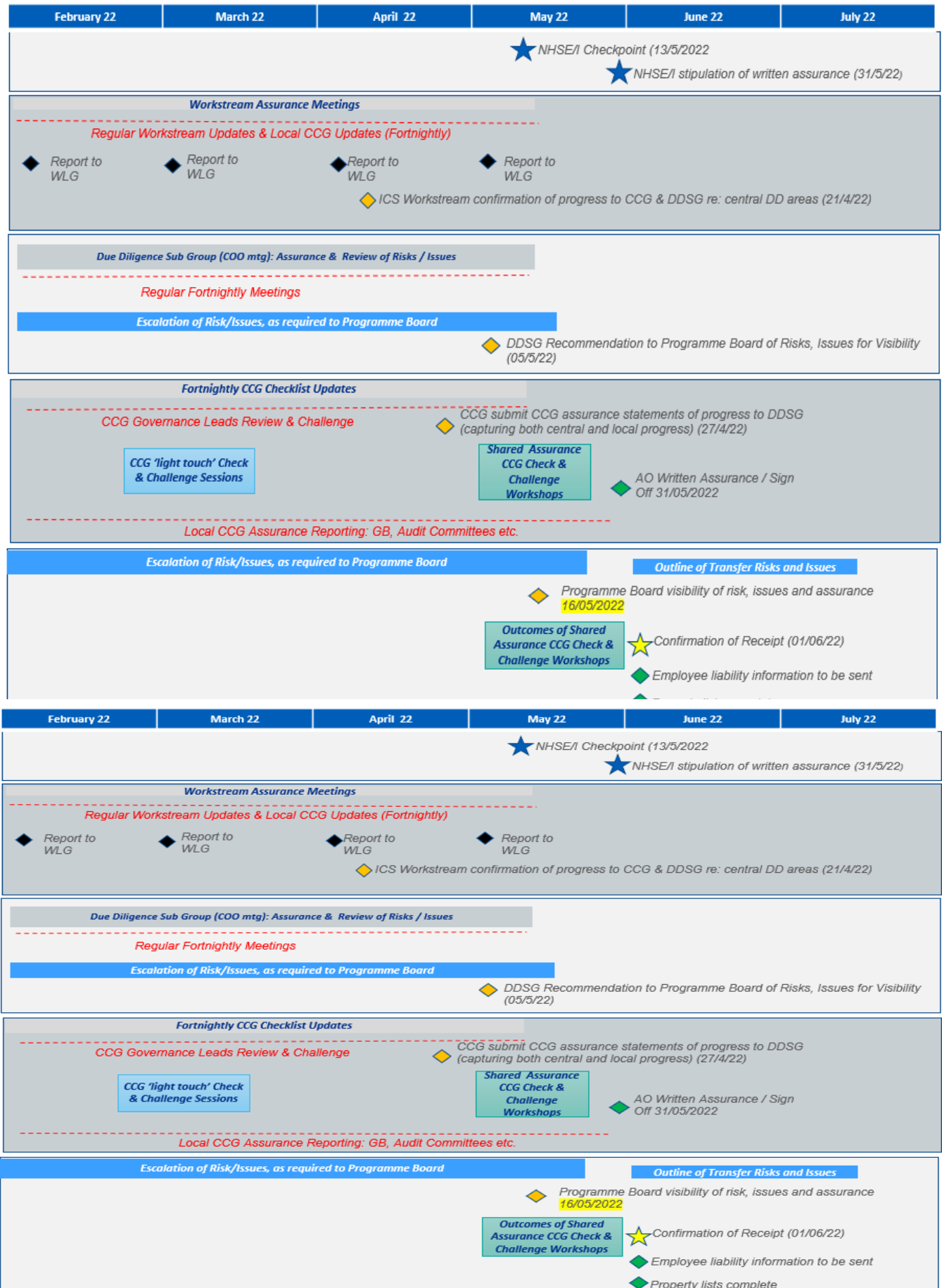
**Report author:** Aimee Tunney,  
Governance & Assurance Manager, NECS

**Sponsoring Director:** Claire Riley, Executive Director of Corporate  
Governance, Communications and Involvement  
(Designate)

**Date:** 17<sup>th</sup> June 2022

## Appendix 1

### CCG Closedown Due Diligence Timeline



## CCG Closedown Due Diligence Risks and Issues (High Level and Shared)

<b>Open central / shared CCG closedown due diligence Risks</b> <b>NB: All CCG closedown local operational Risks should be managed at CCG local level. Any risks identified as high risk (9 or above), system level risks or multiple CCG shared risks are included on the central due diligence risk register.</b>			
#	Description of risk and mitigating action being escalated	Current RAG	Previous RAG
1	<p><b>3.2.3 External Audit</b> : Concern raised via ICS Finance workstream with regards availability of Auditors to perform additional 3 month audit. Was raised at national presentation by Adrian Snarr that issues with Auditor supply. Also concern with regards timings for procurement of external audit.</p> <p><b>Update:</b> External auditors proposal drafted, work now progressing to prepare for procurement of ICB external audit (to be commenced upon ICB implementation).</p>	4: Minor	4: Minor
5	<p><b>1.3.4 Details of any material breach of Public Procurement Regulations, Standing Orders or Standing Financial Instructions</b> - contracts which may have been rolled over without formal contract extensions in place and no publication of contract award as in line with the Public Contracts Regulations 2015 may be challenged.</p> <p><b>Update:</b> Suspect this is a national risk with the anticipation of the Provider Selection Regime legislation which has now been further delayed until 1st December 2022 (with no assurance of implementation on this date). It should also be noted that although there may be breaches in the Regulations, there have been no legal challenges to date. Implement procurement programme of work, publish PINs where appropriate to mitigate risk of challenges. NENC CCGs have been made aware of risk and ICS Contracting and Commissioning workstream are continuing to review.</p>	9: Moderate	Not applicable
<b>Open central / shared CCG closedown due diligence Issues;</b> <b>NB: All CCG closedown local operational issues should be managed at CCG local level. Any issues identified as significant impact, system level issues or multiple CCG shared issues are included on the central due diligence issues log</b>			
#	Description of issue being escalated	Current RAG	Previous RAG
5	<p><b>1.4.3 Open Serious Incidents:</b> NECS Clinical Quality team are actively pursuing closure of open SI caseloads prior to July, to ensure cases are closed on STEIS to minimise transfers.</p> <p><b>Update:</b> Work completed and update sent to CCGs and NHSE. NHSE have been requested to action those SIs identified as for closure by them, along with some independent provider SIs that cannot be closed due to technical reasons with the <u>StEIS</u> system. Work to be repeated at end of April, May and towards the end of June 2022.</p>	3:Normal (Can continue, ongoing impact on the delivery of project)	3:Normal (Can continue, ongoing impact on the delivery of project)