# COVID-19 – Governance Briefing

Introduction

This briefing summarises what our clients have told us they are doing around strategic governance, financial governance and fraud in response to COVID-19 as well as outlining areas for consideration and good practice.

This has been undertaken in conjunction with 360 Assurance and Audit Yorkshire.

We would like to thank our clients for supporting us in developing this briefing and also those NEDs / Lay Members who contributed during the Audit Chairs webinars.

We will be continuing to offer support in this way and if there are any subjects you are interested in discussing please contact us.
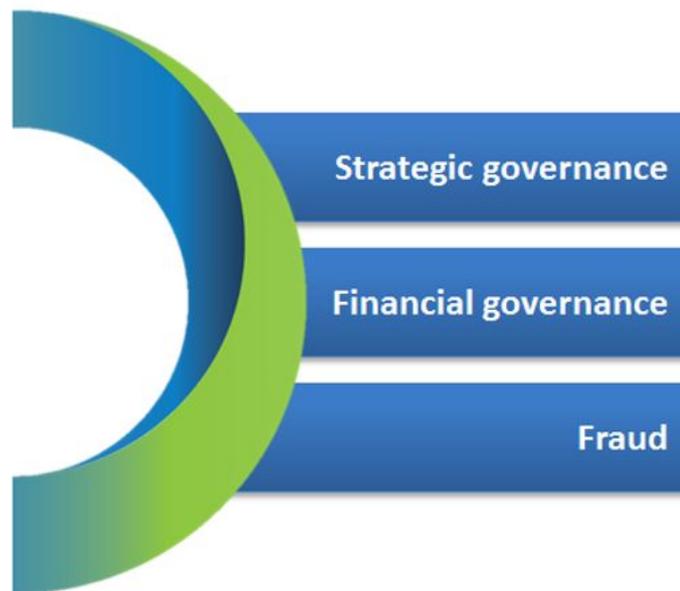
Strategic governance

What our clients are doing

- Most are proceeding with Board/Governing Body meetings as planned, but virtually and with streamlined agendas. Organisations continue to address "business as usual" as far as possible.
- A small number of organisations are providing the option for members to attend meetings in person if preferred to "dialling in" (with social distancing considerations).
- A small number of organisations are moving towards either uploading recordings of Board/Governing Body meetings onto their website, or dialling in/live streaming.
- At a number of organisations, the Board/Governing Body has been suspended and a Pandemic Assurance Committee put in place.
- One CCG told us a new Urgent Issues Committee is now in place to cover the business of Finance and Performance and Quality Committees. Decisions made under delegated powers are documented via a key update report to the Governing Body.
- Virtual meeting arrangements have meant only a very small number of our clients have

- informed us of changes to their quoracy requirements.
- Many have added provisions for public involvement: invite to submit questions prior to meetings; the invite of governors into virtual meetings; and the availability of papers and minutes online. However, concerns have been raised at many organisations about the involvement of the public in meetings.
- One organisation has introduced direct reporting to the lead Governor to enable the governors to remain updated and involved.
- Some organisations have developed a specific ethics group, although this has not yet needed to meet but will if required.
- Another organisation has established an Incident Management Team to act as a single point of contact to co-ordinate system's response to COVID 19.
- Organisations are now starting to consider how COVID is impacting on the existing risks on the risk register and BAF.
- We have seen a mixture of incorporation of COVID-related risks into risk registers, with organisations taking one or more of the following approaches:
    - 44% have reflected COVID in their BAF/GBAF
    - 44% have added COVID-related risks to their organisational risk register
    - 21% have opted to introduce a COVID-specific risk register
    - 29% are using issues logs as well as risk registers
    - 6% are only using issues logs.
- Some organisations are adopting all four of the above formats to manage COVID-related risks. One organisation has updated their BAF to only reflect COVID-related risks.
- Another organisation advised they are working on a new BAF which will reflect safe and effective management of COVID, wellbeing of staff and quality and safety of care for both COVID and other patients.

Good Practice

- Consider where any "business as usual" can be dealt with outside of formal meetings.
- As "standard" reporting is reduced and more verbal context is given in meetings, it is important to capture minutes verbatim as much as possible.
- Consider how changes to governance arrangements are communicated to all staff - organisations are doing this through e-newsletters or communication updates.
- It is important to maintain a concise decisions log, including: who made the decision, when it was made, where it was authorised, and who authorised.
- Keep a log of deferred agenda items to be dealt with in future.
- Ensuring public access to appropriate meeting material is important but due care should be taken if streams/recordings are made public so that they cannot be tampered with.
- CCGs should consider arrangements for quoracy in the potential absence of a GP member.
- Organisations who have not already incorporated COVID-19 risks into their BAF/GBAF should consider how the pandemic is affecting the achievement of their strategic aims.
- Organisations should consider how their Non-Executive Directors (NEDs)/Lay Members can have continued involvement and help to reduce the burden, for example:
    - Most organisations are holding frequent COVID briefings between Executives and NEDs/Lay Members - usually as part of their COVID "taskforce".
    - One Trust has set up a "buddy" system where each NED/Lay Member is paired with an Executive Director for weekly phone calls.
    - In one CCG, Lay Members are meeting weekly to retrospectively review and scrutinise any urgent decisions, as well as providing a forum for matters to be discussed which

normally fall within the remit of their suspended quality and finance committees.
- NED and lay members we spoke to told us they felt well informed.

Financial governance

What our clients are doing

- The majority have either made changes to standing documents (SFIs/SoD/SoRD/Constitution) or enacted emergency/temporary measures.
- The most frequent changes made include:
    - Authority limits aligned to the command structure in place.
    - Multiple authorisation options (a or b must sign, plus one out of x, y or z – usually including approval of at least one NED/Lay Member above a certain limit).
    - Authority may be temporarily delegated further.
    - Deputies given the same authority as Executives.
    - Authorisation responsibilities of clinical managers transferred to finance staff.
- Whilst most organisations have informed us they have not needed to add additional signatories, many have increased limits to help meet procurement demands.
- Many organisations are using horizontal delegation to ensure urgent decisions are still made in the case of absence of key staff.
- A small number of organisations have introduced procurement cards/amended limits for the speedy procurement of PPE – reported limits range from £50,000 to unlimited.
- One organisation is holding small amounts of funds in a commercial bank account for urgent out of hours payments.
- Many organisations already had electronic systems in place which allowed for remote authorisation – wherever this function did not exist or could not be used, email authorisation has been adopted, with appropriate fraud-prevention controls in place.
- Due to the guidance on paying suppliers within seven days where possible, organisations are focusing on cash flow.
- Organisations are capturing COVID costs, although this is still an area for development and confirmation. One organisation had asked for COVID costs to be presented and discussed at finance committee.
- An organisation has introduced a COVID-19 expenditure approval process which is administered by PMO Teams and has relevant procedure notes in place.
- For organisations that use third party services (eg SBS), regular communications are held with the provider to ensure the finance team are aware of the provider's processes and how tasks are being prioritised (in particular new urgent supplier set up).
- One organisation advised capital bids under £250k for COVID related expenditure require authorisation by the Executive Leadership Team. Authorisation for bids in excess of £250k follows national NHSEI procedure.
- An organisation has advised a log will be created for quotation or tender waivers in line with SoRD requirements and submitted to the appropriate committee.
- Organisations raised potential variation in the approach to the completion of the COVID-19 expenditure claims.

Good Practice

- Any changes in line with a command structure should be formally documented and approved by Board/Governing Body.
- Where standing documents have been changed/overridden by temporary measures, these should be time-bound and kept under review (for example, for six months or until the end of the emergency situation – whichever comes first).
- Where remote authorisation takes place, an audit trail should be kept to demonstrate appropriate segregation of duties and authorisation in line with the Scheme of Delegation.
- Identify authorisation processes which are reliant on one or two key individuals and consider whether further authorisers need to be added.
- One organisation is reviewing all manual finance processes to enable future working to be done remotely where required. 360 Assurance are supporting this piece of work.

Fraud

What our clients are doing

- Procurement is a key concern – two of our clients told us that they are liaising with other local Trusts to share information on reliable and credible suppliers.
- One client reported an increase in bank account changes and has introduced a temporary procedure in that all of these must go through the Director of Finance.
- Our established local alert system continues to function normally and our clients are reporting they have capacity to deal with alerts as usual where we identify new threats that need urgent preventative and/or other actions to be taken.
- Some organisations continue to circulate fraud communications to all staff on a daily or regular basis.

Good Practice

We are currently seeing an increase in referrals regarding phishing approaches, notably spear phishing, and also PPE related frauds. We have had requests to review existing fraud risks relating to bogus fundraising activities, and bribery and corruption risks relating to the acceptance of gifts and hospitality.

Where procedures are being streamlined to enable faster decision making, which we know is taking place in service areas such as procurement, finance and recruitment, organisations should consider:

- How will any new conflicts of interests be captured and managed?
- How can segregation of duties be maintained?
- Where post-transaction testing could be used to provide assurance that system changes have not allowed fraud to take place?
- Caution should be exercised when considering changes to the operation of right to work, qualification and/or DBS checks as part of the recruitment process.