

MEETING DATE:	12 June 2014	 North Lincolnshire Clinical Commissioning Group REPORT TO THE CLINICAL COMMISSIONING GROUP GOVERNING BODY
AGENDA ITEM NUMBER:	Item 7.14	
AUTHOR:	Paul Evans	
JOB TITLE:	Chair of Audit Group	
DEPARTMENT:		

AUDIT GROUP ANNUAL REPORT

PURPOSE/ACTION REQUIRED:	To Receive & Note
CONSULTATION AND/OR INVOLVEMENT PROCESS:	Information has been used from that given to populate the Annual Governance Statement
FREEDOM OF INFORMATION:	Public

1. PURPOSE OF THE REPORT:					
To advise the CCG Governing Body of the activities during the year.					
2. STRATEGIC OBJECTIVES SUPPORTED BY THIS REPORT:					
Continue to improve the quality of services					
Reduce unwarranted variations in services					
Deliver the best outcomes for every patient					
Improve patient experience					
Reduce the inequalities gap in North Lincolnshire					
3. ASSURANCES TO THE CLINICAL COMMISSIONING GROUP					
This will assure the CCG and the Governing Body the group has fulfilled its functions and confirm areas for development.					
4. IMPACT ON RISK ASSURANCE FRAMEWORK:					
<table border="1" style="display: inline-table;"> <tr> <td style="width: 20px;">Yes</td> <td style="width: 20px; text-align: center;">x</td> <td style="width: 20px;">No</td> <td style="width: 20px;"></td> </tr> </table>	Yes	x	No		
Yes	x	No			
Assurances given/referenced should be included in the CCGs BAF and any development areas required for 14/15.					

5. IMPACT ON THE ENVIRONMENT – SUSTAINABILITY:

Yes		No	x
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6. LEGAL IMPLICATIONS:

Yes	x	No	
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The Audit Group is the only statutorily required group of the Governing Body. Therefore it is important it has discharged its functions as outlined in the report.

7. RESOURCE IMPLICATIONS:

Yes	x	No	
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The Audit Group’s work is supported by internal and external audit for which the CCG Audit Group agrees plans and fees (the subject of a separate paper to the Audit Group) and is supported by officers/members of the CCG as outlined in the paper.

8. EQUALITY IMPACT ASSESSMENT:

Yes		No	x
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This is not a policy/procedure/guidance so one is not required.

9. PROPOSED PUBLIC & PATIENT INVOLVEMENT AND COMMUNICATIONS:

Yes		No	x
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10. RECOMMENDATIONS:

The CCG Governing Body is asked to:

- Receive and note the Audit Group Annual Report

NHS NORTH LINCOLNSHIRE CLINICAL COMMISSIONING GROUP

AUDIT GROUP REPORT FOR THE PERIOD 1 JUNE 2013 TO 31 MAY 2014

1 Introduction

This is the first 'official' year of the Audit Group operating as a formal subcommittee of the CCGs Governing Body, although the group operated well in the previous transition year. The aim of the Audit Group is to review and provide assurance to the CCG in respect of:-

- Financial systems;
- Financial information used by the organisation;
- Compliance with law, guidance and Codes of Conduct;
- The arrangements for safeguarding assets, preventing waste and inefficiency and securing value for money;
- Reviewing the adequacy of structures, processes and responsibilities for identifying and managing key financial risks facing the organisation;
- Corporate arrangements for providing assurance and managing risks;
- The delivery of the Value for Money Framework, and associated action plans.

and to advise the CCG of the adequacy of the systems of integrated governance, risk management and internal control of non-clinical matters. More details are set out in our Terms of Reference which are aligned to guidance and also NHS Audit Committee Handbook 2010. The Terms of reference were first approved by the CCG at its meeting on 8th March 2012.

This annual report is prepared to supplement the written reports and minutes provided throughout the period. It will both look at the review period and refer to the plan for 14/15.

The Audit Group

The Audit Group has met 4 times since May 2013 and was quorate at each meeting. It has delegated responsibility for oversight of risk management and internal control, internal audit, external audit, reviewing the findings of other significant assurance functions, counter fraud and financial reporting.

Members of the Group have attended a number of learning events on behalf of the CCG.

The Group sends minutes to the Governing Body for review and Council of Members for information.

2 Membership and Attendance

The Terms of Reference approved by the CCG require 2 lay members and clinical representatives. Quoracy requires 3 members to be present, one of whom must be a clinical representative.

Mr Paul Evans (Lay member) Governance acted as Chair in 13/14.

Mr Ian Reekie, Lay member.

GP representative members include Tehmina Mubarika and Satpal Shekhawat.

The group is supported and attended by the Chief Financial Officer and Business Support and Assistant SO of Quality and Standards. The group is also supported by Internal and External Audit as independent assurance. Internal Audit was provided by ECAC for 13/14 as part of a strategic alliance with the Mersey consortium allowing access to further expertise. External Audit was provided by KPMG. Both have been represented at every meeting.

3 Principle Review Areas

Highlights of its work include:

- Review of 2012/13 audited accounts and 2013/14 accounts, leading to an unqualified opinion in both years (though the final report is awaited for 13/14) as well as Annual Governance Statement, Head of Internal Audit Opinion etc.
- Development for new members
- Approval of updated CCG corporate policies including whistleblowing, procurement, counter fraud as well as updated financial policies underneath those incorporated in the CCGs Constitution.
- Regular review of BAF and risk register
- Regular review of internal audit reports, performance against internal audit plans/work programme and developing assurance for CCGs, as well as counter fraud against agreed work plan and the Head of Internal Audit Opinion. Positive survey on effectiveness of audit group.
- A review of PbR data assurance and recommendations provided by Capita
- Receive updates and assurance from external audit and ensure management action of recommendations.
- Tackling compliance issues e.g. taxation, legal and constitutional (e.g. waivers) issues and gaining relevant assurances.
- Increasing involvement in the Audit Group and internal/ external assurance from North Yorkshire & Humber CSU (NY&H CSU) throughout the year on internal controls which included financial services and continuing healthcare old year claims for example. Concerns around frequency and recording of actions from CSU budget meetings have been addressed by the end of the year.
- Understanding the SIRO role, incorporating actions to the IG toolkit for reporting Information risks and incidents, maintaining an Information Asset Risk Register and Information Asset Owners & Controllers List. The CCG has worked with CSU on IG issues around Information governance including the establishment

of a separate Information Governance Group to ensure completion/compliance of IG toolkit.

- Where it is recognised that areas require further development these will be built in the work plan for 2014/15.

4. Acknowledgements

It is pleasing to record that all statutory financial duties were met and improvements made to the 'admin' duties e.g. Better Payment Practice Code performance. It is acknowledged the work of the CCG and CSU to achieve these objectives.

The Group has requested and reviewed reports and received verbal assurances from Directors and management in relation to relevant areas of enquiry for the period. Thanks go to all those who have assisted in these matters.

The Group wishes to record the hard work of the CFO, Mrs Therese Paskell, Jon Cooke, Business Services Director and all the Finance staff involved for their efforts, and reflect the improvements made during the year to ensure high standards during a period of change.

5 Conclusion and Plans for 2014/15

The Group has grown in confidence during 13/14. The work plan for 2014/15 is being developed and will go to the next Audit Group meeting. The Group will be active in reviewing the risks, internal controls, reports of auditors and audit recommendations and will press for improvements where required.

The priorities until October are:

- Audit of the 13/14 Accounts and Annual Governance Report from KPMG.
- Review of internal audit and counter fraud in 13/14 and plans for 14/15
- Assurance mapping (undertaken by Internal Audit) and the ongoing development of 3rd party assurance from CSU (monitoring reporting against CSUs action plan).
- A review of the effectiveness of the Audit Group.
- Updating remaining CCG minor financial and other updated policies e.g. risk.
- SIRO duties- Gaining assurance that CSU has embedded CCG information assets, risks and incidents within their policies and procedures and are signposting Information Asset Owners/ Controllers to the relevant information.
- Review of CHC legacy balances
- Input to and assurance on CSU KPIs

Paul Evans

21 May 2014

Chair of Audit - NHS North Lincolnshire Clinical Commissioning Group