


<b>MEETING DATE:</b>	8 October 2015	 <b>North Lincolnshire Clinical Commissioning Group</b>  <b>REPORT TO THE CLINICAL COMMISSIONING GROUP GOVERNING BODY</b>
<b>AGENDA ITEM NUMBER:</b>	Item 7.11	
<b>AUTHOR:</b>	Paul Evans	
<b>JOB TITLE:</b>	Chair of Audit Group	
<b>DEPARTMENT:</b>		

## AUDIT GROUP ANNUAL REPORT

<b>PURPOSE/ACTION REQUIRED:</b>	To Receive & Note
<b>CONSULTATION AND/OR INVOLVEMENT PROCESS:</b>	Information has been used from that given to populate the Annual Governance Statement and went to the August Audit group
<b>FREEDOM OF INFORMATION:</b>	Public

<b>1. PURPOSE OF THE REPORT:</b>					
To report back to the Governing Body on the activities during the year within its terms of references as delegated by the Governing Body					
<b>2. STRATEGIC OBJECTIVES SUPPORTED BY THIS REPORT:</b>					
<b>Continue to improve the quality of services</b>					
<b>Reduce unwarranted variations in services</b>					
<b>Deliver the best outcomes for every patient</b>					
<b>Improve patient experience</b>					
<b>Reduce the inequalities gap in North Lincolnshire</b>					
Indirectly all of the above					
<b>3. ASSURANCES TO THE CLINICAL COMMISSIONING GROUP</b>					
This provides assurance to the CCG and the Governing Body that the group has fulfilled its functions and confirms areas for development.					
<b>4. IMPACT ON RISK ASSURANCE FRAMEWORK:</b>					
<table border="1" style="display: inline-table;"> <tr> <td style="width: 20%;">Yes</td> <td style="width: 20%; text-align: center;">x</td> <td style="width: 20%;">No</td> <td style="width: 40%;"></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 15/16.					

**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 statutorily required. Therefore it is important it has discharged its functions as outlined in the report. Legal issues are part of its remit.

**7. RESOURCE IMPLICATIONS:**

Yes	x	No	
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The Audit Groups work is supported by internal and external audit for which the CCG audit group agrees plans and fees and is supported by officers/members of the CCG as outlined in the paper. The full costs of the running of the Audit Group have not been assessed.

**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	x	No	
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This paper is available to the public and elements of the report content are included within the annual report.

**10. RECOMMENDATIONS:**

The CCG Governing Body is asked to: -

- Receive and note the paper

# NHS NORTH LINCOLNSHIRE CLINICAL COMMISSIONING GROUP

## AUDIT GROUP REPORT FOR THE PERIOD 1 JUNE 2014 TO 31 MAY 2015

### 1 Introduction

This is the second 'official' year of the Audit Group operating as a formal subcommittee of the CCGs Governing Body with improving effectiveness. 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.

In addition: 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 2014. The Terms of Reference will be reviewed and updated in line with the CCGs standard template and effectiveness review at the August meeting.

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 15/16.

#### The Audit Group

Chaired by the Lay Member for Governance, the Audit Group has met 5 times during the year 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.

Highlights of its work include

- Jointly with the Governing Body, review of draft accounts for 13/14 and approval of audited accounts before submission as well as preparedness for 14/15 accounts.
- Approval of updated North Lincolnshire CCG financial policies underneath those incorporated in the CCGs Constitution.
- 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 Yorkshire & Humber CSU (Y&H CSU) throughout the year on internal controls which included financial services and continuing healthcare old year claims for example.
- Improved external assurances from Deloitte's Service Auditor reporting for Yorkshire & Humber Commissioning Support
- Improved IG toolkit and reporting of reporting information risks and incidents, maintaining the Information Asset Risk Register and Information Asset Owners & Controllers List and receiving positive assurance from the Information Governance Group.
- Successfully recouping fraudulent payments.
- Improved working with Internal Audit and the development of assurance mapping to record internal, semi-independent assurance to the CCG linking with the Board Assurance Framework.
- An Audit Group self-assessment for improving future effectiveness.

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.

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 14/15 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 2013/14 audited accounts and 2014/15 accounts, leading to an unqualified opinion in both years as well as Annual Governance Statement, Head of Internal Audit Opinion etc.
- Development for new members
- Review and approval of updated CCG corporate and financial policies and TOR
- 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.
- 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.
- 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.
- Review of IG toolkit for reporting Information risks and incidents, maintaining an Information Asset Risk Register and Information Asset Owners & Controllers List with assurance with additional assurance from the IG Group this year.
- Where it is recognised that areas require further development these will be built in the work plan for 2015/16.

#### **4. Acknowledgements**

It is pleasing to record that all statutory financial duties were met and that this year was the cleanest external audit report yet on the accounts. 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 uncertainty.

#### **5 Conclusion and Plans for 2015/16**

The Group has grown in confidence during 14/15. The work plan for 2015/16 is the subject of a separate paper. 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 November include:

- Reviewing Audit Group Terms of Reference
- A review of Internal Audit annual report, progress reports and effectiveness
- Review of self-assessment against NHS Protect standards
- Ensuring Security Management Services are in place
- Assurances around CSU transition (and updating policies/assurances on transfer date tbc)
- Assurances around CHC retrospective processes for clearing/legacy balances
- Financial Control Environment Assessment
- A review of the plan for improving the effectiveness of the Audit Group.
- Review of BAF and risk register
- A review of register of interests and arrangements for updating them including responses to NHS England reviews
- An update on HLHF progress

**Paul Evans**

**17 August 2015**

**Chair of Audit - NHS North Lincolnshire Clinical Commissioning Group**