

Clinical Commissioning Group Governing Body
Paper Summary Sheet
Date of Meeting: 24 May 2016

For: PUBLIC session **PRIVATE Session**
For: Decision **Discussion** **Noting**

Agenda Item and title:	GOV/16/05/21 Annual Report for the Audit and Assurance Committee 2015/16
Author:	Peter Lucas – Audit and Assurance Committee Chairman
Lead Director/GP from CCG:	Peter Lucas – Audit and Assurance Committee Chairman
Executive summary:	The Annual Report for the Audit and Assurance Committee presents a summarised view of the effectiveness of the Committee throughout the financial year 2015/16. It defines the key aspects it has dealt with and what impact it has had on managing risk and ensuring that there is a strong internal control environment throughout the CCG.
Evidence in support of arguments:	Evidence can be sought from the minutes of the Audit and Assurance Committee, Internal Audit Annual report and External Audit's view of the organisation. The Annual Report also links to the AAC self-assessment process.
Who has been involved/contributed:	Members of the Audit and Assurance Committee
Cross Reference to Strategic Objectives:	Strong Internal Control Environment
Engagement and Involvement:	N/A
Communications Issues:	None
Financial Implications:	None

Review arrangements:	N/A
Risk Management:	The AAC is a risk management control for the CCG
National Policy/ Legislation:	The CCG is required to have an Audit Committee
Equality & Diversity:	N/A
Other External Assessment:	N/A
What specific action re. the paper do you wish the Governing Body to take at the meeting?	Discuss the assurance provided by the annual report from the Audit and Assurance Committee.

WILTSHIRE CLINICAL COMMISSIONING GROUP

Audit and Assurance Committee

Chairman's Annual Report 2015/16

Summary for the Year

The Audit and Assurance Committee (AAC) for Wiltshire Clinical Commissioning Group (WCCG) continues to provide assurance to the CCG Governing Body on the control environment that operates across the organisation.

The Audit and Assurance Committee continues to consist of the four lay members including the Nurse lay member and the Secondary Care representative lay member together with a voting GP member of the CCG Governing Body. The Committee has met 6 times throughout the financial year and has discharged its responsibilities for scrutinising the risks and controls which have affected all aspects of the organisation's business. It has also invited clinical leaders of the CCG and Corporate Directors to separate meetings to present on how they identify and manage operational risk within their specific areas of work. This has been enlightening and informative for the Committee as it seeks assurance on the application of the control environment across the CCG.

Principal review areas

This Annual Report is divided into five sections reflecting the five key duties of the Committee as set out in the terms of reference.

Governance, risk management and internal control

In order to fulfil this duty the Committee has undertaken the following:

- It has reviewed relevant guidance and disclosure statements issued by the Department of Health (DoH) and NHS England (NHSE).
- It has reviewed the Annual Governance Statement to ensure that it reflects the Committee's view on the CCG's system of internal control. It has sought assurance from the Head of Internal Audit opinion, External Audit opinion and other appropriate independent assurances in order to gain a view of the CCGs system of internal control.
- The Committee has reviewed the Assurance Framework. It believes that the Framework used during the year was fit for purpose and has reviewed evidence to support this. The Framework is in line with Department of Health expectations and has been reviewed by Internal Audit and will be reviewed by External Audit to give additional assurance that this opinion is well founded.
- The Committee has reviewed the completeness of the risk management system and the extent to which it is embedded throughout the organisation. The Committee believes that while adequate systems and process for risk management are in place, more work is required to ensure that these tools are properly enacted throughout the whole organisation. The Committee's opinion is that this issue requires continuing executive management focus and support.

Internal audit

The CCG internal Auditors are PWC. Throughout the year the Committee has worked effectively with Internal Audit to strengthen the CCG's internal control processes. The Committee has also in year:

- Received and considered the External Audit review of the effectiveness of Internal Audit and considers the provision of the internal audit service sufficient in supporting the Committee in fulfilling its role.
- Reviewed and approved the Internal Audit operational plan and more detailed programme of work at its April meeting.
- Considered the major findings of Internal Audit and is assured that management have responded in an appropriate manner.
- Continued to challenge Directors on making sure that Internal Audit recommendations are adhered to in a timely manner.
- Noted that Internal Audit identified high risk issues in the following areas:
 - Better Care Fund
 - Staff appraisal system
 - Contracting and performance monitoring of the key acute contracts

Assurance has been provided that most of these issues have been resolved since the reports were submitted and that new controls and procedures have been put into place.

- The internal audit plan for 2016/17 has been developed through direct discussions with the Accountable Officer and Chief Financial Officer, and linking back into previous years.
- The Committee has ensured that the CCG responds to all follow up actions in a timely manner which will be evidenced at the May 2016 Audit and Assurance Committee meeting.

External audit

The CCG external Auditors are KPMG. The Committee reviewed and agreed the External Audit's annual plan.

The Committee has reviewed and commented on reports prepared by the External Auditors.

The External Auditors will be producing their opinion of the 2015/16 accounts and annual report which will be reported through the ISA 260 report. This will be reported to the Audit and Assurance Committee in May allowing the Committee to recommend the accounts and annual report to the CCG Governing Body. All deadlines for the production of the accounts and annual report have been achieved.

The Committee has considered its position in respect to the re-procurement of External Audit that has now become the responsibility of the CCG. The Board agreed for the Audit and Assurance Committee to act as the External Auditors Procurement panel. Furthermore the CCG is considering a joint procurement process with the 3 other CCGs comprising the Bath, Gloucestershire, Swindon and Wiltshire health economies.

Management

The Committee has continually challenged the assurance process when appropriate and has requested and received assurance reports from CCG management and various other sources both internally and externally throughout the year. This process has also included calling CCG Directors, Clinical Leaders and the Accountable Officer to account when considered necessary to obtain relevant assurance.

The Committee has also been monitoring the performance of the commissioning support service provided by Central Southern Commissioning Support Service. It has been seeking assurance from management such that improvements in service delivery have now been experienced.

Annual Accounts

The Committee has reviewed the process and controls the CCG has put in place to achieve its financial obligations throughout the year and has reviewed the changes in accounting policy that NHS England has promoted in 2015/16.

Effectiveness of the Audit and Assurance Committee

The Committee has been active during the year in carrying out its duty in providing the CCG Governing Body with assurance (or not) that effective internal control arrangements are in place. Specifically the Committee has:

- Reviewed its compliance with the *Audit Committee Handbook* and has undertaken a self-assessment. Actions arising from this self-assessment will be included in the April 2016 Audit Committee action plan.
- Cost/benefit analysis - It has not been possible to accurately quantify the benefits of the work of the Committee during the year as it is impossible to determine the financial impact of risks mitigated and costs avoided and the proportion of these that could be apportioned to the Committee's work. However, in respect of the work of the Committee, it is clear that the risk profile of the CCG has been reduced. Furthermore the current and future costs associated with loss of reputation have also been mitigated as a result of the work performed by the Committee.

Conclusion

The Committee is of the opinion that this Annual Report is consistent with the draft Annual Governance Statement, the Head of Internal Audit Opinion and the External Audit review and there are no matters that the Committee is aware of at this time that have not been disclosed appropriately.