

Clinical Commissioning Group Governing Body

Paper Summary Sheet

Date of Meeting:

For: PUBLIC session PRIVATE Session

For: Decision Discussion Noting

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| Agenda Item and title: | GOV/14/05/17 Draft Annual Report for the Audit and Assurance Committee 2013/14 |
| Author: | Peter Lucas – Audit and Assurance Committee Chairmen Simon Truelove - CFO |
| Lead Director/GP from CCG: | Peter Lucas – Audit and Assurance Committee Chairmen |
| Executive summary: | The draft Annual Report for the Audit and Assurance Committee presents a summarised view of the effectiveness of the committee throughout the financial year 2013/14. 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 Committee, Internal Audit Annual report and external audits view of the organisation. 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: | N/A None |

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| Financial Implications: | None |
| Review arrangements: | None |
| Risk Management: | None |
| National Policy/ Legislation: | None |
| 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? | Note the Annual Report from the Audit and Assurance Committee |

WILTSHIRE CLINICAL COMMISSIONING GROUP

Audit and Assurance Committee

Chairmen's Annual Report 2013/14

Introduction

The Audit and Assurance Committee (AAC) for Wiltshire Clinical Commissioning Group (WCCG) was setup as a shadow committee of Wiltshire Primary Care Trust's Audit Committee in January 2013. It was established under the shadow Governing Body with approved terms of reference that were aligned with the *Audit Committee Handbook 2005*, published by the HFMA and Department of Health.

The Audit Committee consists of the four lay members including the Nurse lay member and the secondary care representative lay member and a voting GP member of the CCG Governing Body. The Committee met twice before the CCG went live in April 2013 and has subsequently met 6 times throughout the financial year and has discharged its responsibilities for scrutinising the risks and controls which has affected all aspects of the organisation's business.

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 for risk management are in place, more work is required to ensure that these are embedded throughout the whole organisation. The Committee's opinion is that this issue requires continuing executive management focus and support.

Internal audit

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 are assured that management have responded in an appropriate manner.
- The committee agreed to an extension of the Wiltshire PCT's internal auditors with a view that it would undertake a competitive tender process to award a new 3 year contract. This action was taken in January 2014 and a new 3 year contract has been offered to the current suppliers of internal audit services PricewaterhouseCoopers LLP.

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 2013/14 accounts and annual report which will be reported through the ISA 260 report. This will be reported to the audit committee in May allowing the committee to recommend the accounts and annual report to the CCG Governing Body.

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 to account when considered necessary to obtain relevant assurance and a timetable of Director attendance has been setup for regular presentations on how risk is managed across the organisation.

The committee has also been monitoring the performance of the commissioning support service provided by Central Southern Commissioning Support Service and has been seeking assurance from management that improvements in service delivery has 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 2013/14 compared to the accounting policies that Wiltshire PCT adhered to. It is fair to say that accounting guidance has been lacking at times from NHS England and reliance has had to be put on previous accounting policies. Final guidance came out very late and the CCG

has been able to fulfil its statutory accounting requirements within the national deadlines

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 2014 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 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.