

# Governing Body

22 March 2017

<b>Details</b>	Part 1	<b>X</b>	Part 2		Agenda Item No.	<b>12</b>
Title of Paper:	Audit Committee Report					
Board Member:	Chris Wild, Lay Member for Finance and Audit					
Author:	Chris Wild, Lay Member for Finance and Audit					
Presenter:	Chris Wild, Lay Member for Finance and Audit					
Please indicate:	For Decision		For Information		For Discussion	<b>X</b>

## Executive Summary

<b>Summary</b>	This paper provides an outline of the matters discussed and assurances sought and decisions ratified at the last Audit Committee meeting. This report aims to provide information and assurance to the Governing Body that a robust, effective governance system is in place and that the Committee is discharging its responsibilities.					
<b>Risk</b>	<b>High</b>		<b>Medium</b>	<b>X</b>	<b>Low</b>	
	Failure by the Board to understand governance risks could result in material failure of the organisation to achieve its strategic objectives alongside failure to discharge statutory responsibilities resulting in sanction or legal challenges.					
<b>Recommendations</b>	The Governing Body is asked to: <ul style="list-style-type: none"> <li>Note the update provided</li> <li>Note the reports provided for assurance</li> </ul>					

## Strategic themes

To deliver improved outcomes and reduce health inequalities for patients through better preventative strategies	
To deliver service re-design in priority areas through innovation	
To develop primary care to become excellent and high performing commissioners	
To develop the CCG leadership to work with the Local Authority to be excellent integrated commissioners	
To develop robust and effective working relationships with all stakeholders and partners to drive integrated commissioning	
To deliver long term financial sustainability through effective commissioning and innovative investment across the wider system	
To develop and influence the provider landscape through development of a Locality Care Organisation (LCO)	
Equality Analysis Assessed?	Supports NHS Bury CCG Governance arrangements <b>X</b>

## Audit Committee Report

### 1. Introduction and Background

- 1.1 The Audit Committee Report is presented to the Governing Body to provide assurance on the areas considered by the Audit Committee at its last meeting, held on 3 March 2017.
- 1.2 It is also intended to direct the attention of the Governing Body to specific areas of concern.

### 2. Background

- 3.1 The Audit Committee is comprised of the following voting members:
  - Lay Member for Finance and Audit (Chair)
  - Lay Member for Patient and Public Involvement; and
  - Lay Member for Quality and Performance
- 3.2 In addition, representatives from External Audit (KPMG) and Internal Audit (MIAA), including Counter Fraud and officers of the CCG are invited as attendees to provide relevant updates on the agenda items.
- 3.3 The meeting was quorate.

### 3. Audit Committee Update

- 3.1 There was a full and detailed discussion on a range of standard agenda items and the following points are brought to the attention of the Governing Body:
  - **Governing Body Assurance Framework**
- 3.2 The Audit Committee received an updated report on the Governing Body Assurance Framework (GBAF) which on this occasion had focussed on the level of assurance provided by the identified controls.
- 3.3 The Audit Committee were advised of the amends to the report since its last presentation, including the addition of a new strategic risk to reflect the recent CQC inspection outcome of Pennine Care Foundation Trust.
- 3.4 Of the 17 principal risks identified to delivery of the CCG's strategic objectives, 12 of these are now indicating a significant level of assurance in the controls identified. The remaining 5 remain as limited assurance.
- 3.5 As three of the risks had not been reviewed prior to presentation, the Committee requested that these reviews be completed and included in an updated report to the Governing Body. The updated version is provided at agenda item 12a. The updated position is that 14 principals risks now indicate a significant level of assurance and 3 remain as limited.

3.6 It was acknowledged that a number of the risks within the GBAF will require more medium to long term monitoring, by virtue of relating to various transformational projects before all gaps in controls or assurance are mitigated and welcomed the feedback that a review session will be undertaken in January with Governing Body members to ensure appropriate risks are carried forward onto the 2017-18 GBAF.

3.7 The Audit Committee were assured from the information provided and discussion that took place and commended the continued development of the report and supported its recommendation to the Governing Body.

- **Risk**

3.8 The Corporate Risk Register was considered by the Audit Committee.

3.9 Since its last presentation, the report has been amended to reflect the discussions that have occurred not only through the risk owner, but also at the relevant oversight committee. This was a request from the previous meeting in order that additional assurance can be received by the Audit Committee.

3.10 Each of the risks were discussed, and particularly the new assessed target level which was submitted in respect to the risk associated with delivery of the 4 hour A&E measure, which had been moved to reflect the current level of risk. The Audit Committee reflected on this and requested that the target level be re-considered before presentation to the Governing Body to ensure the target risk level is set at where we would want to be and not to reflect the current position. The updated report is provided at agenda item 14b.

3.11 The Audit Committee were assured on the level of focus that is being directed to each of these risks, all of which relate to service delivery at Pennine Acute Hospital Trust, and that both they and the Governing Body are sighted on the continued management and progression of this at a strategic level.

3.12 The Committee also received a Risk Closure report, which was a new report for the Committee to consider but reflective of the continued implementation of the Risk Management Strategy and the responsibilities delegated to the Audit Committee.

3.13 The report was accepted, and the Audit Committee supported the closure of 4 risks, all of which had been recommended by their respective committees, however requested action be taken to ensure that sub-committee recommendations regarding closure are more clearly articulated in the respective committee minutes. This would provide assurance to the Audit Committee.

- **Internal Audit**

3.14 Colleagues from Mersey Internal Audit Agency provided a progress update against the 2016-17 Internal Audit Plan and advised that two further audits had been completed.

3.15 The Conflicts of Interest Audit which is mandated by NHS England and supports the CCG's end of year assessment against the Improvement and Assessment Framework returned an opinion of three fully compliant areas and two partially compliant aspects following the CCG self-assessment and desktop review.

- 3.16 The Audit Committee was assured the partially compliant areas relate to administrative aspects only, including a low return rate of completed Conflict of Interest Forms from the CCG's Member Practices and an old template being utilised for the gifts and hospitality register, and a pro-active approach will be taken to remedying these immediately.
- 3.17 A follow up to the Financial Control Self-Assessment carried out in 2015/16 was the second of the audits completed in this reporting period. The progress against the 12 actions identified in the original audit was noted and it was accepted by the Audit Committee that a number of the actions relate to processes that are on-going and so it is not always possible to allocate an end date.
- 3.18 Progress against the Internal Audit Follow-up Report was also considered. Overall from the 42 actions recommended in previous audits, 4 remain outstanding. It was advised that 38 had been identified as superseded or no longer relevant and these were proposed to the Audit Committee for closure on this basis.
- 3.19 The Audit Committee did not accept the recommendation to close one action from the 2014 CHC audit relating to the signing of the Service Level Agreement between respective CCGs for CHC services and requested this remain open and signature be progressed.
- 3.20 The last report presented by MIAA was the 2017/18 Internal Audit Plan which was approved by the Committee with an additional request that the scope of the audit specific to the Locality Plan be presented for consideration prior to commencement in order that assurance can be obtained that the audit will consider the key points.

- **External Audit**

- 3.21 Colleagues from KPMG provided an overview of how they will approach the year-end audit of the CCG's accounts. Outlining that the interim audit carried out in February identified no material areas of concern, the main focus will be around (a) key areas of risk associated with Delegated Commissioning of Primary Care and associated impact on the CCG's financial statements and (b) delivery of QIPP plans which are a risk which contributes to the External Audit opinion on Effective Use of Resources.
- 3.22 The Audit Committee welcomed the feedback from the initial audit and looked forward to receiving the final audited accounts and External Audit opinion at its meeting in May.

**Chris Wild**

Lay Member for Finance and Audit  
Chair – Audit Committee

**March 2017**