

**WOLVERHAMPTON CCG**

**Governing Body Meeting**  
**12 April 2016**

**Agenda item 8a**

<b>Title of Report:</b>	<b>Auditor Panel</b>
<b>Report of:</b>	Claire Skidmore – Chief Finance Officer
<b>Contact:</b>	Maria Tongue – Head of Financial Resources
<b>Governing Body Action Required:</b>	<input checked="" type="checkbox"/> <b>Decision</b> <input type="checkbox"/> <b>Assurance</b>
<b>Purpose of Report:</b>	To seek approval for the setting up of a CCG Auditor Panel to comprise members of the existing CCG Audit & Governance Committee
<b>Public or Private:</b>	This report is intended for the public domain
<b>Relevance to CCG Priority:</b>	Mandatory requirement under the Local Audit and Accountability Act 2014
<b>Relevance to Board Assurance Framework (BAF):</b>	
<ul style="list-style-type: none"> <li>• <b>Domain 1:</b> A Well Led Organisation</li> </ul>	The CCG has a statutory duty to put in place an Auditor Panel by 2016/17 for the appointment of external auditors and to oversee their work.
<ul style="list-style-type: none"> <li>• <b>Domain 3:</b> Financial Management</li> </ul>	Audit fees have previously been set by the Audit Commission. This process gives CCGs the opportunity to appoint auditors from an open and competitive market and to secure value for money.



## **1 BACKGROUND**

- 1.1 The Local Audit and Accountability Act 2014 abolished the Audit Commission who were previously responsible for the appointment of external auditors. The Act sets out the need for CCGs to have an auditor panel to advise on the appointment of external auditors and to oversee and advise on the maintenance of an independent relationship between the CCG and their auditor.
- 1.2 The Auditor Panel must be in place ahead of the deadline for the appointment of external auditors for the 2017/18 financial year. The deadline for this is the 31<sup>st</sup> December 2016 and so the panel must be in place early in 2016.

## **2 THE AUDITOR PANEL**

- 2.1 Department of Health guidance recommends that CCGs nominate their existing Audit Committee to act as its Auditor Panel. The CCG recommends that the existing Chair of the AGC also be appointed as the Chair of the Auditor Panel. AGC members' responsibilities will therefore be expanded to include membership of the Auditor Panel.
- 2.2 The Panel will usually meet quarterly and for efficiency it is recommended that these meetings be held immediately prior to the AGC meetings each quarter. The agenda for these meetings is not expected to be onerous once the auditor appointments have been made and so the meetings will be scheduled to start one hour before each AGC meeting. A meeting of the Auditor Panel will be quorate provided that two members are present of whom at least one is a member of the governing body.
- 2.3 Appendix 1 provides the draft terms of reference which have been drawn up for the auditor panel. These are largely based on the national template provided by the Department of Health with minor local amendments.
- 2.4 It is important to note that the Auditor Panel is an advisory body. Responsibility for the actual procurement and appointment of the auditors remains with the Governing Body.



### **3 THE AUDITOR APPOINTMENT PROCESS**

- 3.1 The CCG must appoint a local auditor to audit the annual accounts by 31/12 of the preceding year. This means that the auditor needs to be appointed by 31<sup>st</sup> December 2016 for the 2017/18 financial year. The appointment can be for longer than a year but there must be a new appointment process at least once every 5 years, (an auditor can be reappointed for further terms).
- 3.2 The Financial Reporting Council (an independent government body) will hold the register of firms that are eligible for appointment. Standard procurement guidance as set out in the Prime Financial Policies and EU requirements must be followed. An informal agreement has been made between local CFOs to share the administration arrangements for the procurement process. For instance, interviews could be held in one central location with several CCGs attending.
- 3.2 The auditor panel's key role is to check that:
- Contract arrangements (i.e. procurement and the selection of external auditors) are appropriate;
  - The relationship and communications with the external auditors are professional;
  - Conflicts of interest are effectively dealt with.

### **4 NEXT STEPS**

- 4.1 The first meeting of the Auditor Panel is planned to take place immediately prior to the April AGC meeting. A draft agenda is attached at appendix 2 and the intention of the meeting will be to ensure all AGC members understand the role of the Auditor Panel and to agree actions required to secure the appointment of external auditors by the 31<sup>st</sup> December 2016 deadline.



**5 PATIENT AND PUBLIC VIEW**

5.1 Not applicable

**6 RISKS AND IMPLICATIONS****6.1 Key Risks**

6.1.1 The Auditor Panel will need to be in place early in 2016 to secure the appointment of external auditors by 1<sup>st</sup> April 2017.

**6.2 Financial and Resource Implications**

6.2.1 The Auditor Panel will need to ensure local and EU procurement guidelines are followed during the appointment process.

**6.3 Quality and Safety Implications**

6.3.1 There are no quality and safety implications arising from this report.

**6.4 Equality Implications**

6.4.1 There are no equality implications arising from this report.

**6.5 Medicines Management Implications**

6.5.1 There are no medicines management implications arising from this report

**6.6 Legal and Policy Implications**

6.6.1 Members will need to ensure the CCG complies with the new regulations under the Local Audit & Accountability Act 2014.

**7 RECOMMENDATIONS**

7.1 Members are asked to approve the recommendation that the CCG's existing Audit and Governance Committee is nominated to act as the CCG's Auditor Panel.

**Name:** Maria Tongue  
**Job Title:** Head of Financial Resources  
**Date:** 29.02.16

**ATTACHED:**

Appendix 1 – Auditor Panel draft Terms of Reference

Appendix 2 – Auditor Panel draft agenda April 2016



### REPORT SIGN-OFF CHECKLIST

**This section must be completed before the report is submitted to the Admin team. If any of these steps are not applicable please indicate, do not leave blank.**

	<b>Details/ Name</b>	<b>Date</b>
Clinical View	n/a	
Public/ Patient View	n/a	
Finance Implications discussed with Finance Team	Maria Tongue	Feb 16
Quality Implications discussed with Quality and Risk Team	n/a	
Medicines Management Implications discussed with Medicines Management team	n/a	
Equality Implications discussed with CSU Equality and Inclusion Service	n/a	
Information Governance implications discussed with IG Support Officer	n/a	
Legal/ Policy implications discussed with Corporate Operations Manager	n/a	
<b>Signed off by Report Owner (Must be completed)</b>	Maria Tongue	29/02/16

