

**WOLVERHAMPTON CCG**

**GOVERNING BODY**

**10<sup>th</sup> May 2016**

**Agenda item 14**

<b>Title of Report:</b>	<b>Summary – Wolverhampton Clinical Commissioning Group(WCCG) Audit and Governance Committee (AGC)- 19<sup>th</sup> April 2016</b>
<b>Report of:</b>	Jim Oatridge – Chair, Audit and Governance Committee
<b>Contact:</b>	Claire Skidmore – Chief Finance and Operating Officer
<b>Governing Body Action Required:</b>	<input type="checkbox"/> <b>Decision</b> <input checked="" type="checkbox"/> <b>Assurance</b>
<b>Purpose of Report:</b>	<ul style="list-style-type: none"> <li>To provide an update of the WCCG Audit and Governance Committee to the Governing Body of the WCCG.</li> </ul>
<b>Public or Private:</b>	This Report is intended for the public domain.
<b>Relevance to CCG Priority:</b>	The AGC delivers its remit in the context of the CCG’s priorities in order to provide assurance to the Governing Body of the robustness of system and process.
<b>Relevance to Board Assurance Framework (BAF):</b>	
<ul style="list-style-type: none"> <li><b>Domain 1: A Well Led Organisation</b></li> </ul>	<p>The AGC is accountable to the group’s governing body and its remit is to provide the governing body with an independent and objective view of the group’s systems, information and compliance with laws, regulations and directions governing the group. It will deliver this remit in the context of the group’s priorities, as they emerge and develop, and the risks associated with achieving them.</p> <p>The AGC shall critically review the group’s financial reporting and internal control principles and ensure that an appropriate relationship with both internal and external auditors is maintained.</p>



## 1. BACKGROUND AND CURRENT SITUATION

### 1.1 Management Action Plan Update

The Committee was updated on the current position and progress in respect of the implementation of Internal Audit recommendations. It was noted that the outstanding recommendations had recently been considered by the Senior Management Team and implementation dates agreed.

It was noted that these would be monitored by the incoming Internal Auditors, PricewaterhouseCooper PwC) going forward.

### 1.2 Internal Audit Annual Report

The Committee was informed that the overall opinion is that significant assurance can be given. There is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently

It was noted that a number of opinions have improved since 2014/15 following the implementation of audit recommendations.

### 1.3 Internal Audit Plan 2016/17

An updated report was received from PwC and considered. Open actions will be closed down by the incoming Internal Auditors and any actions arising will be dealt with.

### 1.4 Local Counter Fraud Specialist (LCFS) Progress Report including Self Review Tool (SRT)

The Committee received and noted the activity undertaken as part of the Counter Fraud annual work plan since the last meeting. An update was given regarding the SRT; work will be completed by the outgoing LCFS up to the end of March 2016. Going forward this will be completed by the new LCFS provider.

### 1.5 Local Counter Fraud Annual Report

The Committee received and noted the final Counter Fraud Annual Report which provided a summary of activity during 2015/16. It was noted that no investigations had taken place of frauds identified in 2015/16.

### 1.6 Counter Fraud Plan 2016/17

An updated report was received from PwC was received and considered.

The Committee thanked the outgoing WMAS Internal Auditors and Local Counter Fraud Specialist for their work with the CCG since its inception.



- 1.7 External Audit Progress Report  
The Committee received an update on the work undertaken for 2015/16 from the External Auditors and noted their plan to commence their audit of the 15/16 accounts in early May.
- 1.8 Risk Register Reporting/Board Assurance Framework  
The Committee noted the report which provided an update on Quarter 4 activity. The Committee commented that there was an increased sense of ownership and accountability in regards to risk giving improved assurance.
- 1.9 Draft Committee Annual Report  
The Committee considered the latest version of its Annual Report and noted that the Committee is operating effectively and in accordance with its Terms of Reference.
- 1.10 Conflict of Interest  
The Committee received the details of the revised guidance for managing conflicts of interest for CCGs that has been issued for consultation by NHS England and agreed the next steps for responding to the consultation and implementing the new guidance within the CCG when issued.
- 1.11 Losses and Compensation Payments – Quarter 4 2015/16  
The Committee noted the contents of the report. The CCG had not recorded any losses during the fourth quarter of 2015/16 and had not made any special payments during the same time period.
- 1.12 Suspension, Waiver and Breaches of SO/PFPs  
The Committee noted the contents of the report. There have been no suspensions of SO/PFPs, 10 waivers have been utilised appropriately.
- 1.13 Receivable/Payable Greater than £10,000 and over 6 months old  
The Committee noted that as at 31st March 2016, there were 0 sales ledger invoices greater than £10k and over 6 months old and 4 purchase ledger invoices greater than £10k and over 6 months old.
- 1.14 Better Care Fund (BCF) Accounting Treatment  
The Committee was advised of the accounting treatment for the BCF and noted that this has also been shared with the Finance and Performance Committee.
- 1.15 Head of Internal Audit Opinion on Internal Control  
The Committee received the Head of Internal Audit's annual opinion. The overall opinion given was Significant. It was noted that this is given in accordance with NHS Internal Audit Standards and is based upon and limited to the relevant Internal Audit work performed on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes.



Attached at Appendix 1 for information is an extract from the Head of Internal Audit's report that breaks down their opinion.

1.16 CCG Draft Annual Report: Governance Statement and Accounts

The Committee considered the Draft Annual Report 2015/16, including the Annual Accounts and Annual Governance Statement. It was noted that the draft accounts do successfully meet statutory financial targets and the team are ready to submit the draft annual report and accounts in accordance with national timescales.

## 2. KEY RISKS AND IMPLICATIONS

2.1 The Audit and Governance Committee will regularly scrutinise the risk register and the Board Assurance Framework of the CCG to gain assurance that processes for the recording and management of risk are robust. If risk is not scrutinised at all levels of the organisation, particularly at Governing Body level, the CCG will suffer a loss of control with potentially significant results.

## 3. RECOMMENDATIONS

- **Receive** this report and **note** the actions taken by the Audit and Governance Committee

**Name:** Claire Skidmore  
**Job Title:** Chief Finance and Operating Officer  
**Date:** 20<sup>th</sup> April 2016



**Appendix 1**

Strategic Theme	Audit Area	Opinion	2015-16 Theme Opinion	2014-15 Theme Opinion
Finance	Budgetary Control & Financial Reporting	April to September - Substantial	Substantial	Substantial
		October to March - Substantial		
	Financial Systems (CCG, CSU, RWT)	April to September - Substantial		
		October to March - Substantial		
Financial risk on CHC budget	Substantial			
Governance and Risk	Assurance Framework	Substantial	Substantial	Substantial
	QIPP	Substantial		
	Primary Care (Co-commissioned with NHSE)	Substantial		
	Engagement (Practices, Patients and Public)	Substantial		
HR	HR Processes	Substantial	Substantial	Substantial
IM&T	Information Governance	Substantial	Substantial	-
	Penetration Testing	Requires Improvement		
	Follow up of excellence in GP IT from contingency)	Optimal		



Performance	Procurement, Patient Choice and Competition	Substantial	Substantial	Requires Improvement
	Assurance on Performance - (inc. Data Quality)	Substantial		
	Better Care Fund and Integrated Commissioning (with City Council)	Substantial		
	Children's Joint Funding and Pooled arrangements with LA	Requires Improvement		
	Business Continuity Management	Substantial		
Quality and Safety	Safeguarding including LAC	Substantial	Substantial	Requires Improvement
	Incidents, Patient Feedback and Claims	Optimal		
	Clinical Quality inc. Review, Audit and Inspection - Data Quality	Substantial		

