

Governing Body (public) meeting

DATE: 31 July 2014

Title	Annual Report of the Audit & Integrated Assurance Committee (AIAC)	
Recommended action for the Governing Body	That the attached Report and self-assessment are noted.	
Executive summary	<p>The Terms of Reference for the AIAC require that it carries out an annual self-assessment; this forms Appendix A to the attached Annual Report and is based on the template in the NHS Audit Committee Handbook current at that time.</p> <p>The Terms of Reference do not require the AIAC to produce an Annual Report but it is considered best practice so to do.</p> <p>The Annual Report is based on the Executive Summaries of each meeting; there are no particular matters that need to be brought to the attention of the Governing Body.</p> <p>The Governing body can be assured through the work of the AIAC that:</p> <ul style="list-style-type: none"> • The system of risk management is effective in identifying risks and enabling the Governing Body to understand the management of those risks • The AIAC has reviewed and used the assurance framework and considers it fit for purpose and supports the Governing Body's decisions and declarations • No significant areas of omission in the systems of governance came to the attention of the AIAC 	
Which objective does this paper support?	Patients: Improve the health and wellbeing of people in Bexley in partnership with our key stakeholders	✓
	People: Empower our staff to make NHS Bexley CCG the most successful CCG in (south) London	✓
	Pounds: Delivering on all of our statutory duties and become an effective, efficient and economical organisation	✓
	Process: Commission safe, sustainable and equitable services in line with the operating	✓

Clinical Commissioning Group

	framework and which improves outcomes and patient experience	
Organisational implications	Key risks <small>(corporate and/or clinical)</small>	Provides assurance
	Equality and diversity	Provides assurance
	Patient impact	None directly
	Financial	Provides assurance
	Legal issues	Provides assurance
	NHS constitution	Provides assurance
Consultation (public, member or other)	none	
Audit (considered/approved by other committees/groups)	Approved by AIAC on 2 June 2014 in presence of Internal and External Audit	
Communications plan	N/A	
Author	Keith Wood	
	Clinical lead	Executive sponsor
Date	23 June 2014	

NHS BEXLEY CLINICAL COMMISSIONING GROUP

AUDIT AND INTEGRATED ASSURANCE COMMITTEE (AIAC)

ANNUAL REPORT

1 Introduction

- 1.1 This report is the first Annual Report to the Governing Body. The AIAC is established as a committee of the Governing Body in accordance with the Constitution approved by the membership and by NHS England.
- 1.2 Every CCG is required to establish a committee of the Governing Body to act as the Audit Committee. The AIAC fulfils this role and plays a central role in the organisation's governance processes by providing the Governing Body with a source of independent and objective assurance across the full range of financial and organisational controls; the AIAC's remit does not directly cover clinical governance activity which is overseen by the Quality and Safety Committee.
- 1.3 During 2013/14 the AIAC had five members. It is chaired by Keith Wood FCA; the other members were Sandra Wakeford, Yemisi Osho, Dr Graham Rehling and Dr Sushanta Bhadra.
- 1.4 The Terms of Reference for the AIAC require it to undertake an annual assessment of its own effectiveness and this is attached as at **Appendix A** in respect of the 2013/4 Financial Year. This has not identified any significant issues arising from the current arrangements.

2 Committee Work Plan 2013/4

- 2.1 The AIAC met four times during the 2013/4 financial year and intends to meet at least for times in 2014/5 in order to fulfil the requirements of its terms of reference. All work has been carried out in accordance with both the AIAC's terms of reference and with Department of Health Guidance, contained in the NHS Audit Handbook.
- 2.2 The AIAC members have kept up to date with developments through briefings by the internal and external auditors as well as by interaction with other external bodies.
- 2.3 The AIAC has utilised a detailed rolling work plan with work streams feeding into the regular meetings held during the year.

2.4 During 2013/4, the AIAC has addressed the following issues. It has:

- Agreed annual audit plans for both internal and external audit and monitored progress on a regular basis, calling for specific management responses where appropriate.
- Noted the appointment by the Audit Commission of Grant Thornton UK LLP as external auditors to the CCG.
- Overseen the appointment of KPMG LLP as internal auditors for a three year term ending on 31st March 2017.
- Agreed the timetable for production of the Annual Accounts and subsequently considered the draft for 2013/14 together with the Chief Officer's statement on internal controls and the draft internal auditor's assurance related to that statement. It will, in due course, consider the external auditor's opinion on the accounts.
- Members of the Committee have participated in a review of the CCG Constitution.
- Reviewed the work of the Local Counter Fraud Specialist on a regular basis.
- Received and reviewed reports from the Internal Auditors covering:
 - Quality Management Arrangements
 - Budgetary Control
 - Accredited Safe Haven proposals
 - Adult Safeguarding
 - Acute Contracts Performance
 - Conflicts of Interest Management
 - Governance and Risk Management
- Received a report on the adequacy of internal controls at the South London CSU from its Internal Auditors.
- Undertaken "deep dives" into mental health commissioning/contracting, QIPP, the process for developing commissioning intentions and acute performance management.
- Carried out a self-assessment of the AIAC's effectiveness.
- Received regular reports detailing progress with audit recommendations including "legacy" recommendations relating to Bexley Care Trust. The AIAC was pleased to note the proactive way in which recommendations had been addressed and the high degree of satisfaction contained in the Internal Auditors reports.

- Considered the CCG's Assurance Framework.
- Received regular reports from those Committees which it is charged with overseeing

2.6 In addition to its agenda activities associated with providing an independent assurance on internal controls such as overseeing audit activity, reviewing the annual accounts and monitoring risk management work, the AIAC will, during 2014/15, undertake specific reviews as required.

3 Committee Work Plan 2014/15

The 2014/15 work plan for the Audit and Integrated Assurance Committee was approved at the AIAC meeting on June 2nd 2014.

Keith Wood
Chair

June 2014

Appendix A

BEXLEY CLINICAL COMMISSIONING GROUP

AUDIT & INTEGRATED ASSURANCE COMMITTEE: SELF ASSESSMENT CHECKLIST 2013/14
--

Status Key

1 = must do 2 = should do 3 = could do

STATUS	ISSUE	YES	NO	N/A	COMMENTS/ACTION
COMPOSITION, ESTABLISHMENT AND DUTIES					
1	Does the Audit Committee have written terms of reference that adequately and realistically define the Committee's role in accordance with NHS England guidance?	√			Terms of Reference set out in Constitution approved by Primary Care Advisory Group & NHS England
1	Have the terms of reference been adopted by the Governing Body	√			Constitution adopted by PCAG
2	Are the terms of reference reviewed annually to take into account governance developments and the remit of other committees within the organisation?	√			The TOR require that they are reviewed annually; Constitution (including AIAC TOR) reviewed in 2013.
1	Has the Committee been provided with sufficient membership, authority and resources to perform its role effectively and independently?	√			TOR specifies five members none of whom is an executive. Support provided by Corporate Team in respect of meetings.
2	Are changes to the Committee's current and future workload discussed and approved at Governing Body level?	√			But this has not yet been necessary
1	Are Committee members independent of the management team?	√			No Committee member is part of the management team..
1	Does the committee report regularly to the Governing Body?	√			Chair provides written update of AIAC activity for Governing Body meetings. Annual Report and minutes received by the Governing Body
2	Are members particularly those new to the Committee, provided with training?	√			Initial induction courses provided and further training arranged if required. All members have been issued with copies of the Audit Committee Handbook.

STATUS	ISSUE	YES	NO	N/A	COMMENTS/ACTION
2	Does the Governing Body ensure that members have sufficient knowledge of the organisation to identify key risk areas and to challenge both line management and the auditors on critical and sensitive matters?	√			The Committee receives regular reports on the Assurance Framework.
2	Does at least one Committee member have a financial background?	√			Chair, Keith Wood is a Chartered Accountant & former DOF.
COMPLIANCE WITH THE LAW AND REGULATIONS GOVERNING THE NHS					
3	Has the Committee formally assessed whether there is a need for the support of a "Company Secretary" role or its equivalent?	√			Director of Governance & Quality attends all meetings..
3	Does the committee have mechanism to keep it aware of topical, legal and regulatory issues?	√			Effected via Chief Financial Officer and External/internal Auditors.

INTERNAL CONTROL AND RISK MANAGEMENT					
2	Has the Committee formally considered how it integrates with other committees that are reviewing risk eg risk management and clinical governance?	√			Two members of the AIAC are members of the Quality & Safety Committee, as is the Director of Governance & Quality; minutes of that committee are reviewed on a regular basis. The AIAC has regard to the overall system of integrated governance & undertakes "deep dives" as appropriate.
2	Has the Committee been briefed on its assurance responsibilities with regard to internal control and risk management?	√			Set out in Terms of Reference.
2	Has the Committee reviewed whether the reports it receives are timely and have the right format and content to ensure its internal control and risk management responsibilities are discharged?	√			Reports are constantly reviewed and members have requested amendments to reports to make them more current/relevant.
2	Is the Committee satisfied that the Governing Body has been advised that assurance reporting is in place to encompass all the organisation's responsibilities?	√			Regular Assurance Framework updates provided to Governing Body.
2	Is there clarity over the timing and content	√			

	of the assurance statements received by the Committee from the Head of Internal Audit?				
INTERNAL AUDIT					
1	Do formal terms of reference exist, defining internal Audit's objectives, responsibilities and reporting lines?	√			
1	Does the Committee review and approve the Internal Audit plan at the beginning of the financial year?	√			
2	Are audit plans derived from clear processes based on risk assessment?	√			
1	Does the Audit Committee receive periodic reports from the head of Internal Audit?	√			
2	Does the Committee monitor follow up audits?	√			
1	Does the Head of Internal Audit have a direct line of reporting to the Committee and its chairman?	√			
2	Are any scope restrictions placed on Internal Audit and, if so, what are they and who establishes them?		√		Annual workplan agreed – sets out scope and content.
2	Is Internal Audit free from any operating responsibilities or conflicts of interest that could impair its objectivity?	√			
2	Has the Committee determined the appropriate level of detail it wishes to receive from Internal Audit?	√			
2	Does the Committee hold periodic private discussion with the Head of Internal Audit?	√			These are offered at every meeting.
2	Does the Committee review the adequacy of staffing and resources within Internal Audit?	√			Contracted out service. The adequacy of IA resources is reviewed in conjunction with agreeing the annual plan.
3	Has the Committee agreed a range of Internal Audit performance measures to be reported on a routine basis?	√			
2	Is there appropriate co-operation with the External Auditors?	√			

3	Are there any quality assurance procedures to confirm whether the work of the Internal Auditors is properly planned, completed, supervised and reviewed?	√			Controlled by annual work plan and also by Internal Audit's self - assessment procedures.
EXTERNAL AUDIT					
1	Do the External Auditors present their audit plans and strategy to the Committee for approval?	√			
2	Has the Committee satisfied itself that the VFM / local studies programme is adequate and appropriate?	√			
2	Does the Committee receive and monitor actions taken in respect of prior years VFM studies?	√			Part of External Audit follow up
1	Does the Committee review the External Auditor's management letter?	√			
2	Does the Committee hold periodic private discussions with the External Auditor?	√			These are offered at every meeting.
2	Does the Committee assess the performance of External Audit?	√			Process included as part of agreeing external Audit Workplan.
ANNUAL ACCOUNTS					
1	Is the Committee's role in the approval of the annual accounts clearly defined?	√			
2	Is a Committee meeting scheduled to discuss proposed adjustments to the accounts and issues arising from the audit?	√			
3	Does the Committee annually review the accounting policies of the Authority / Trust?	√			This is the first year of the CCG; the AIAC has considered the proposed accounting policies and recommended their adoption to the PCAG.
ADMINISTRATIVE ARRANGEMENTS					
2	Does the Committee have a plan of matters to be dealt with over the coming year?	√			Annual Plan in existence.
2	Are papers circulated in good time and are minutes received as soon as possible after the meetings?	√			Papers circulated a week prior to meetings and an action plan is produced at meeting which is circulated immediately followed by minutes.
2	Does the Committee meet the appropriate number of times to deal with	√			Committee has met four times, in accordance with

	planned matters?				TOR.
2	Are Committee papers distributed in sufficient time for members to give them due consideration?	√			Papers circulated a week prior to the meeting date.
2	Are Committee meetings scheduled prior to important decisions being made?	√			On reviewing the annual workplan for the Committee, consideration is given to relevant timetables. Extraordinary meetings are scheduled if necessary.
2	Is the timing of Committee meetings discussed with all the parties involved?	√			A meeting schedule is set and agreed at the beginning of the year.
OTHER ISSUES					
3	Has the Committee considered the costs that it incurs: and are the costs appropriate to the perceived risks and the benefits?	√			The Committee is ever mindful of such costs.
2	Does the Committee assess its own effectiveness periodically?	√			
3	Does the Annual Report and Accounts of the Care Trust include a description of the Committee's establishment and activities?	√			