



GOVERNING BODY

Agenda Item No.	17
Reference No.	IESCCG 19-49
Date.	23 July 2019

Title	Audit Committee Annual Report	
Lead Chief Officer	Graham Leaf, Audit Committee Chair, Amanda Lyes, Chief Corporate Services Officer	
Author(s)	Jo Mael, Corporate Governance Officer	
Purpose	To present to the Governing Body the Audit Committee Annual Report 2018/19.	
Applicable CCG Clinical Priorities:		
1.	To promote self-care	
2.	To ensure high quality local services where possible	
3.	To improve the health of those most in need	
4.	To improve health & educational attainment for children & young people	
5.	To improve access to mental health services	
6.	To improve outcomes for patients with diabetes to above national averages	
7.	To improve care for frail elderly individuals	
8.	To allow patients to die with dignity & compassion & to choose their place of death	
9.	To ensure that the CCG operates within agreed budgets	
Action required by Governing Body:		
To note the Audit Committee Annual Report as attached to the report.		

1. Background

- 1.1 The Annual Report is intended to provide assurance that the Audit Committee has satisfied its Terms of Reference during 2018/2019 in relation to its establishment and ways of working by ensuring appropriate attendance at meetings, reviewing the schedule of meetings and the annual calendar of agenda items, regular reporting to the Governing Body, and by carrying out and responding to an annual self-assessment.
- 1.2 The report seeks to provide assurance that, in respect of its specific duties and responsibilities, the committee has reviewed:
- the adequacy of the Annual Governance Statement;
 - the 2018/19 annual accounts and associated documents;
 - the Governing Body Assurance Framework;
 - the plans, progress reports, conclusions and recommendations of the internal and external auditors and the local counter fraud specialist;
 - the findings of other significant assurance functions, both internal and external
 - the reports and assurances from senior officers and managers of the CCG and shared management team
 - the adequacy and security of the CCG's arrangements for its employees to raise concerns, in confidence, about possible wrong doing in financial reporting and other matters.
 - waivers of competitive tendering
- 1.3 In carrying out its work the Committee continues to develop its ways of working to increase its efficiency and improve the quality of reporting on internal controls.

2. Current Position

- 2.1 The attached Audit Committee Annual Report has been reviewed and approved by the Audit Committee prior to its presentation to the Governing Body.

3. Recommendation

- 3.1 The Governing Body is asked to note the Audit Committee Annual Report as appended to the report.



Ipswich and East Suffolk
Clinical Commissioning Group

Ipswich and East Suffolk CCG

Audit Committee

Annual Report 2018/19

1 Purpose of the Report

The Audit Committee has prepared this report to Ipswich and East Suffolk CCG's Governing Body in order to provide assurance that it has satisfied its terms of reference during 2018/19 in relation to its establishment and ways of working and the discharge of its specific duties and responsibilities in relation to:

Governance, Risk Management and Internal Control
Internal Audit
External Audit
Other Assurance Functions,
Fraud and Improprieties Management
Financial Reporting
Key CCG Documents

The report covers the period April 2018 to March 2019 so that it includes those activities relating to the conclusion on the effectiveness of the internal control system and the review of the annual report and financial statements which are carried out at the May meetings.

2 Executive Summary

The Audit Committee has complied with, and satisfied, its Terms of Reference during 2018/19 by ensuring appropriate attendance at meetings, reviewing the schedule of meetings and the annual calendar of agenda items, regular reporting to the Governing Body, and by carrying out and responding to an annual self- assessment.

In respect of its specific duties and responsibilities the committee has reviewed:

- the adequacy of the Annual Governance Statement;
- the 2018/19 annual accounts and associated documents;
- the Governing Body Assurance Framework;
- the plans, progress reports, conclusions and recommendations of the internal and external auditors and the local counter fraud specialist;
- the findings of other significant assurance functions, both internal and external
- the reports and assurances from senior officers and managers of the CCG and shared management team
- the adequacy and security of the CCG's arrangements for its employees to raise concerns, in confidence, about possible wrong doing in financial reporting and other matters.
- waivers of competitive tendering

In carrying out its work the Committee continues to develop its ways of working to increase its efficiency and improve the quality of reporting on internal controls.

3 Establishment and Ways of Working

3.1 Membership and Quorum

The Committee consists of not less than three members appointed by the NHS Ipswich and East Suffolk Clinical Commissioning Group Governing body as set out in its Constitution and may include individuals who are not on the Governing body. The lay member on the governing body, with a lead role for overseeing key elements of governance, chairs the Audit Committee and a quorum consists of two members.

Meetings are held, at least, on a quarterly basis with an additional meeting in May to review the financial statements. Attendance was as follows. The table also details other individuals that have attended each meeting in order to support the Committee in its business.

Audit Committee Member	3 Apr 18	21 May 18 (Extraordinary) (Inquorate)	5 Jun 18	31 Jul 18	04 Dec 18	05 Feb 19
Leaf Graham <i>(Lay Member for Governance)</i>	Yes	Yes	Yes	Yes	Yes	Yes
Chicken Steve <i>(Lay Member)</i>	No	No	Yes	Yes	Yes	Yes
McCullagh Michael <i>(GP Member – Governing Body Member)</i>	Yes	No	Yes	Yes	No	Yes
Others in attendance to advise:	Internal Audit External Audit Counter Fraud Chief Finance Officer Head of Accounting and Control Governance Advisor	External Audit Chief Finance Officer Head of Accounting and Control	Internal Audit External Audit Counter Fraud Chief Finance Officer Chief Governance Advisor Risk Manager	Internal Audit External Audit Counter Fraud Chief Finance Officer Chief Nursing Officer Head of ICT Risk Manager Head of Accounting and Control Governance Advisor	Internal Audit External Audit Chief Finance Officer Acting Deputy Chief Finance Officer Chief Corporate Services Officer Governance Advisor	Internal Audit External Audit Counter Fraud Acting Deputy Chief Finance Officer Financial Accounting Manager Project Accountant Head of ICT and Informatics

3.2 Arrangements for Meetings and Circulation of Minutes

The Corporate Governance Officer is administrator for the Committee and the unconfirmed minutes of each meeting are presented to the next Governing Body meeting. This protocol applies for all Governing Body sub-committees.

4 Specific Duties and Responsibilities

4.1 Governance, Risk Management and Internal Control

The Committee has reviewed the adequacy of procedures, policies and mechanisms of control in relation to:

- Delegated Commissioning
- Financial Resilience
- Governing Body Assurance Framework
- Personal Health Budgets
- Continuing Healthcare
- Individual Funding Requests
- General Data Protection Regulation / Data Protection Act 2018
- Criminal Finances Act 2017
- Whistleblowing
- Cyber Security

Internal Audit Opinion

The Head of Internal Audit's Opinion for 2018/19 is "Reasonable Assurance". He commented that there was a generally sound system of internal control, designed to meet the organisation's objectives, and that controls were generally being applied consistently. However, some weakness in the design and/or inconsistent application of controls, put the achievement of particular objectives at risk.

Governing Body Assurance Framework

The Committee has reviewed the Governing Body Assurance Framework (GBAF) at each of its meetings giving feedback, making recommendations and noting the progress made in the development of the CCG's risk management processes and reporting.

4.2 Audit Provision

Internal audit and counter fraud services are provided by Tiaa, with external audit being provided by Ernst and Young. Internal and External auditors have attended all meetings held and Audit Committee members have also met privately with the external and internal auditors.

Both auditors submitted annual audit plans for 2018/19 which were agreed and monitored by the Audit Committee. Regular updates on the progress against these plans were presented to the Audit Committee during the year.

Internal Audit

At each meeting the Audit Committee received details of recent Internal Audit work, within interim reports prepared by the Head of Internal Audit, and audit recommendation reports, which monitor management progress in implementing agreed actions.

The Audit Committee has overseen and supported the work of Internal Audit by:

- a) approving the draft Annual Audit Plan
- b) agreeing the detailed scope of internal audit coverage for 2018/19;
- c) considering the results of internal audit reviews for 2018/19; and
- d) reviewing the Head of Internal Audit's Opinion for 2018/19.

From the audits completed during the year the overall control profile was as follows:

Assurance Level	Total
Substantial	3
Reasonable	4
Limited	1
No Assurance	0
Classification not appropriate	0
Total	8

The Audit Committee is satisfied that delivery of the internal audit plan for 2018/19 has given assurance that controls are effective in the areas reviewed, that appropriate action plans are developed for improvement and that the Internal Audit service is effective.

The Audit Committee has drawn confidence from the work of the internal auditor in supporting its overall conclusions about internal control, financial reporting and the work of internal audit.

External Audit

The Audit Committee has:

- a) considered the scope and planning of external audit through review of the external audit plan;
- b) considered the agreed fees and resources required by Ernst and Young
- c) reviewed various financial and non-financial control related reports including the external auditors interim report and annual audit letter.

The Audit Committee has drawn confidence from the work of the external auditor in supporting its overall conclusions about internal control, financial reporting and the work of internal audit.

4.3 Counter Fraud

Counter fraud services are provided by Tiaa. At each meeting the Audit Committee received reports from the LCFS which covered progress against the plan, inform and involve work carried out, prevent and deter information and any hold to account activity.

4.4 Other Assurance Functions

The CCG's clinical audit processes, financial and contractual performance is reviewed and monitored by the CCG's Clinical Scrutiny Committee and Financial Performance Committee, with the minutes of those meetings being presented to the Governing Body.

4.5 Management

The Audit Committee can request and review reports and assurances from the senior officers and managers of the CCG on the overall arrangements for governance, risk management and internal control. As such during 2018/19 the Audit Committee received and reviewed reports on/the content of:

- Hospitality and Gifts Register (April)
- Ipswich and East Suffolk CCG Constitution Refresh Update (April)
- Year End Update (April)
- Personal Health Budgets (July)
- Continuing Healthcare (July)
- Whistleblowing (July)
- Cyber Security Update (July, Feb) Individual Funding Request Update (April)
- Audit Committee Terms of Reference (April)
- General Data Protection Regulation (GDPR) / Information Governance Assurance (June, Dec)
- Internal Audit Framework for Delegated Clinical Commissioning Groups – Implications for Internal Audit plans (Dec)
- Criminal Finances Act 2017 (Dec)
- Audit Committee Self-Assessment (Dec)
- Month Nine 2018/19 Accounts Update (Feb)
- Debtor balances over £5,000 and six months old (Feb)

4.6 Financial Reporting

Annual Report and Financial Statements

The Audit Committee reviewed the 2018/19 annual report and accounts.

External Audit Opinion:

The CCG's External Auditors, Ernst and Young advised of their opinion as follows;

We have audited the financial statements of NHS Ipswich and East Suffolk Clinical Commissioning Group (CCG) for the year ended 31 March 2019 under the Local Audit and Accountability Act 2014. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity, the Statement of Cash Flows and the related notes 1 to 19. The financial reporting

framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2018/19 HM Treasury's Financial Reporting Manual (the 2018/19 FReM) as contained in the Department of Health and Social Care Group Accounting Manual 2018/19 and the Accounts Direction issued by the NHS Commissioning Board with the approval of the Secretary of State as relevant to the National Health Service in England (the Accounts Direction).

In our opinion, the financial statements:

- give a true and fair view of the financial position of NHS Ipswich and East Suffolk CCG as at 31 March 2019 and of its net operating costs for the year then ended;*
- and*
- have been properly prepared in accordance with the Health and Social Care Act 2012 and the Accounts Directions issued thereunder.*

5 Committee Effectiveness and Compliance with Terms of Reference

5.1 Self-assessment

The Audit Committee carries out an annual self-assessment using a checklist derived from best practice. The most recent assessment was carried out during July 2018 and a report on the findings submitted to the December 2018 Audit Committee meeting.

5.2 Terms of Reference

A review of the Terms of Reference is undertaken annually. The latest review was undertaken in May 2019.

(Approved by the Audit Committee on 26th June 2019)