

BOARD PAPER - NHS ENGLAND

Title: Report of the Audit & Risk Assurance Committee

From: Ed Smith, Audit & Risk Assurance Committee Chair

Purpose of Paper:

- To inform the Board of the work undertaken by the Audit & Risk Assurance Committee at its meeting on 6 May 2015.

The Board is invited to:

- Note the work undertaken by the Committee at its meeting on 6 May 2015

Report of the Audit & Risk Assurance Committee

1. The Audit & Risk Assurance Committee met on 6 May 2015. All three members were present.
2. The key points from the meeting which the Committee wishes to draw to the Board's attention are as follows:

- *Progress on 2014-15 Internal Audit Programme*

Deloitte reported on progress against the 2014-15 internal audit programme, including the level of outstanding recommendation actions.

Progress since the last meeting has been good, with outstanding and overdue actions now standing at 5% (88 actions). In addition all CSUs are on track to deliver their Service Auditor Reports to timetable.

- *Draft Head of Internal Audit Opinion*

The Committee received a draft of the Head of Internal Audit Opinion, which is in the same format as last year. The conclusion on each of the three areas covered (governance, risk management and internal control) is broadly the same as last year. It does, however, highlight significant improvements in the control environment in both finance and IT.

- *Proposed 2015-16 Internal Audit Programme*

Deloitte presented a proposed programme of work for 2015-16, which has been developed following extensive consultation across the organisation and discussion with individual members of the Committee.

Subject to a few comments made in the meeting the proposed programme was approved by the Committee.

- *Annual Report & Governance Statement*

The Committee received a draft of the Governance Statement and an update from management on the progress on drafting the Annual Report. Comments were provided on the draft Governance Statement, and a further draft plus a draft of the Annual Report, will be circulated in due course.

Management are working to having everything finalised for consideration at the 22 June 2015 Committee meeting, so that laying in Parliament can occur pre-recess.

- *Annual Accounts*

The Committee received draft annual accounts for NHS England and the consolidated group (including all CCGs), noting the considerable achievement this represented.

The NAO have now commenced the audit process, and local CCG audits are underway.

- *Counter Fraud*

Deloitte have commenced a programme of proactive counter fraud work, starting with risk workshops with individual senior management teams. These are being well received.

A number of initiatives are being considered or delivered covering the primary care areas, the most significant being the work on patient prescription charge exemptions being undertaken by NHS Business Services Authority. This has started to lead to the recovery of money where exemptions were claimed that should not have been.

- *Future Risk Deep Dives*

The Committee is due to consider risk deep dives on establishment controls, major programme delivery and cyber security at its July meeting, and will report the outcomes to the Board at a subsequent meeting.

3. In summary, the required Audit & Risk Assurance Committee processes and key components of assurance on internal controls are now in operation, but with a full and challenging work programme for management and our assurance providers for 2015-16, when the Committee expect further improvements to the overall control environment.
4. I am happy to discuss the content of this report and any other issues relating to the Audit & Risk Assurance Committee's work.

Ed Smith

Audit & Risk Assurance Committee Chair