

BOARD PAPER - NHS ENGLAND

Title: Report of the Audit & Risk Assurance Committee to the Board
From: Ed Smith, Chair - Audit & Risk Assurance Committee
Purpose of Paper: <ul style="list-style-type: none">• To update the Board of the meetings of the Audit and Risk Assurance Committee on 22 June 2015 and 6 July 2015
The Board is invited to: <ul style="list-style-type: none">• Note the content of the report.

NHS England Board – 23 July 2015

REPORT TO THE BOARD FROM: Audit & Risk Assurance Committee

COMMITTEE CHAIR: Ed Smith, Non-Executive Director

DATES OF COMMITTEE MEETINGS: 22.06.2015 & 06.07.2015

MEETING HELD ON 22.06.15

1.0 MATTERS FOR THE BOARD'S ATTENTION

1.1 Progress on 2014-15 Internal Audit Programme

- i. Deloitte reported on progress against the 2014-15 internal audit programme, including the level of outstanding recommendation actions. Significant improvement had been delivered although a number of reports highlighted the need to make a step change to move the organisation forward.

1.2 Final Head of Internal Audit Opinion

- i. The Committee received the final 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 and recognises that different areas are at different levels of maturity.
- ii. It highlights the step changes required in some areas to deliver organisational improvements whilst acknowledging significant improvements in the control environment in both finance and Information Technology (IT).

1.3 Commissioning Support Unit (CSU) Service Auditor Reports

- i. The Committee received an update on the production of service auditor reports on CSUs for 2014-15 and expressed concern over the number of adverse opinions.
- ii. The Committee noted the proposal to have two six-month reports in 2015-16 with the aim of moving to one twelve month report in 2016-17.

1.4 Annual Report & Accounts

- i. The Committee received a further draft of the Annual Report & Accounts. The Annual Accounts were largely complete and only one change to one disclosure had been identified
- ii. The Annual Report had been subject to further review and would require updating. The Audit Completion Report would be circulated after the meeting with a view to the Chief Executive signing off on Monday 29 June 2015.
- iii. The Committee noted that clinical commissioning groups (CCGs) were established as independent autonomous bodies but there is a need to deliver on a standardised operating model and the Board should consider how to achieve this.

MEETING HELD ON 06.07.15

2.0 MATTERS FOR THE BOARD'S ATTENTION

2.1 Progress on Internal Audit Programme.

- i. Deloitte provided metrics on their performance and also an analysis of performance by NHS England Directorates. It was hoped the programme would move away from routine process assurance to outcome based assurance.

2.2 External Audit and Financial Reporting.

- i. The NAO final Audit Completion Report was presented to the Committee. It was noted that the Annual Report & Accounts were certified by the Comptroller and Auditor General on 1 July 2015.
- ii. The Committee congratulated everyone involved on a successful outcome.

2.3 Risk Deep Dive on Establishment Controls

- i. The Committee was advised that the on-payroll establishment is now considered to be better controlled but the off-payroll worker establishment needs addressing. On-payroll establishment controls are up and running.
- ii. The policy on off-payroll workers would be issued to the business in the next few days and should help address previous non-compliance.

2.4 Risk Deep Dive on Cyber Security

- i. The paper highlighted internal NHS England responsibilities versus responsibilities over the wider system. The Committee asked for a paper to show who has responsibility for and access to patient data.
- ii. It was also proposed to hold a Board Development Session on cyber security.

3.0 ITEMS FOR THE BOARD'S INFORMATION AND ASSURANCE

- 3.1** 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.

4.0 PROGRESS AGAINST THE COMMITTEE'S ANNUAL WORK PLAN

- 4.1** The Committee has now set a workplan to cover the period up to March 2017. This will remain under continual review by the Committee.

Author: David Procter Senior Finance Manager

Date: July 2015