

NHS England Board Paper

Title:

2016-17 Audit and Risk Assurance Committee Annual Report

Lead Director:

Joanne Shaw, Chair of Audit and Risk Assurance Committee

Purpose of Paper:

To update the Board of the work of the Audit and Risk Assurance Committee in 2016-17

The Board invited to:

- Note the report
- Take assurance from the Committee with regard to delivery of the work programme

Audit & Risk Assurance Committee Annual Report For the period 1 April 2016 to 31 March 2017

Introduction

1. The purpose of the Committee is to provide an independent and objective view of financial reporting, internal control and risk assurance.
2. The Committee is authorised to take decisions on behalf of NHS England on matters relevant to the purpose of the Committee (but not reserved to the Board), to obtain outside legal or other independent professional advice, and to secure attendance of outsiders with relevant experience and expertise if they consider this to be necessary.

Meetings of the Committee

3. During this period, the Committee met on five occasions.
4. The members of the Committee were as follows:
 - Joanne Shaw (Chair from October 2016)
 - David Roberts (Interim Chair to October 2016)
 - Noel Gordon (to May 2016)
 - Wendy Becker (from May 2016)
 - Gerry Murphy (Non-executive Chair of the Department of Health's Audit and Risk Committee, member since June 2016)
5. A summary of members' attendance is given at annex 1.

Delivery of the Work Programme

6. During the period of this report, the key issues considered by the Committee were:

Internal Audit

- Approved a plan of work for 2016-17 and monitoring against that plan, including considering issues arising and high priority recommendations being raised by Deloitte;
- Considered the Head of Internal Audit Opinion for 2016-17 and monitored progress in delivering actions to improve the next opinion;
- Focussed on overdue audit recommendations to bring the number down significantly;
- Considered updates from three National Directors on the key control priorities, risks and status of internal recommendations within their Directorates
- Approved the extension of the Internal Audit contract by one year to 31 March 2018 pending agreement on the future approach to providing the internal audit service.

- Monitored arrangements for service auditor reporting to clients of commissioning support units.

Counter Fraud

- Reviewed the NHS England Economic Crime Strategy
- Reviewed the Tackling Fraud Bribery and Corruption Policy
- Approved a proactive plan for 2016-17; and,
- Monitored reactive and proactive fraud work, provided by Deloitte, and received reports on the volume of cases under investigation and strategic updates from NHS Protect.

External Audit & Financial Reporting

- Considered and recommended the 2015-16 Annual Report & Accounts for signature;
- Monitored the timetable and delivery of the Annual Report & Accounts for 2016-17. This included the production of Month 9 accounts and early draft of the Annual Report and Governance Statement; and,
- Received updates from the NAO on their work throughout the year, including the NAO planning risks and management's responses to those risks and other issues raised.
- Considered the Value for Money reports produced by the NAO

Governance

- Received updates on the Governance and Assurance plan in response to the key risk and control priorities identified by Deloitte,
- Received updates on the Accountabilities for Data and Cyber Security in the NHS which was identified as a key risk area,
- Received updates on the issues arising from the delivery of services provided by NHS SBS and by Capita
- Reviewed risk deep dives in respect of the Five Year Forward View, Specialised Services and Primary Care Commissioning.
- Reviewed a stocktake on the delivery of NHS Programmes
- Reviewed the assessment of NHS England's performance against the Mandate
- Considered and recommended to the Board for approval, updated Standing Orders, Standing Financial Instructions and Scheme of Delegation; and,
- Received reports on losses and special payments made during the financial year.
- Received reports on the Corporate Risk Register.
- Considered the future delivery of the Internal Audit service.

Committee Matters

- Considered the Committee's forward work programme, including the timing of activities; and,

Work Programme for 2017/18

Internal Audit

- Decision on the delivery of the internal audit service once the current arrangements expire.

- Evaluation of the effectiveness of internal audit;
- Consideration and approval of the 2017-18 IA work programme;
- Monitoring delivery against the work programme; and,
- Monitoring management's delivery against agreed actions arising as a result of work undertaken.
- Continuation of the programme of updates from National Directors on key control issues and risks within their Directorate

Counter Fraud

- Decision on the delivery of the counter fraud service once the current arrangements expire
- Review of NHS England's existing Economic Crime Strategy;
- Consideration and approval of the 2017-18 proactive work programme
- Review of progress on reactive work
- Monitoring delivery against the strategy and proactive work programme; and,
- Monitoring management's delivery against agreed actions arising as a result of work undertaken.

External Audit & Financial Reporting

- Evaluation of the effectiveness of external audit;
- Consideration and recommendation of the 2016-17 Annual Report & Accounts to the Accounting Officer for signature; and,
- Monitoring the audit planning and delivery for 2017-18, including reports received from the NAO

Governance

- Consideration of the Corporate Risk Register;
- Consideration of any proposed changes to Standing Orders, Standing Financial Instructions or the Scheme of Delegation;
- Consideration of progress with Accountability for Data and Cyber Security;
- Consideration of further risk deep dives including a Cyber update by the NAO, Governance and Assurance processes around IT and Digital funding, Data Quality and Information Governance, Disaster Recovery.

Committee Matters

- On-going consideration of the Committee's forward work programme;
- Undertaking a formal effectiveness self-assessment.

Review of Terms of Reference

7. The terms of reference for the committee were reviewed at the meeting in May 2017. No changes were made.

Review of Effectiveness

8. The Committee will conduct a review of effectiveness during the next year.

Assurance Statement

Internal Audit

- The Committee confirms it has fulfilled its duties in respect of monitoring the provision of internal audit services, including the approval of an appropriate risk based programme of work for 2016-17.

Counter Fraud

- The Committee confirms it has fulfilled its duties in respect of monitoring the provision of counter fraud services, including the approval of an appropriate programme of work for 2016-17.

External Audit & Financial Reporting

- The Committee confirms it has fulfilled its duties in respect of the external audit and the Annual Report & Accounts.

Governance

- The Committee confirms it has fulfilled its duties in respect of considering and monitoring the governance arrangements for the organisation for 2016-17.

Recommendations

9. The Board is asked to:
 - Note the report
 - Take assurance from the Committee with regard to delivery of the work programme

Annex 1

Summary of members' attendance for the period 1 April 2016 to 31 March 2017

Date of Meeting	10.05.16	29.06.16	22.09.16	07.12.16	01.03.17
David Roberts	Yes	Yes	Yes	Yes	Yes
Noel Gordon	Yes				
Wendy Becker		Yes	Yes	Yes	Yes
Gerry Murphy	Yes	Yes	Yes	Yes	Yes
Joanne Shaw			Yes	Yes	Yes