

BOARD PAPER - NHS ENGLAND

Title: Report of the Audit and Risk Assurance Committee to the Board

From: Joanne Shaw, Chair, Audit and Risk Assurance Committee

Purpose of Paper:

- To update the Board on key aspects of the meeting of the Audit and Risk Assurance Committee held on 11 May 2017

Summary of Paper:

All non-executive committee members were present, along with key executives. The Chairman and Chief Executive attended for part of the meeting. Key points:

- The Committee considered the Internal Audit report and the draft Head of Internal Audit Opinion for 2016-17. The opinion finds that the position on Governance and Risk Management is satisfactory but there is more work to do on embedding internal controls albeit the position has improved significantly since last year's opinion.
- There was a detailed discussion on issues arising from the IA report on Safeguarding which the Chief Nursing Officer attended for.
- The Internal Audit plan for 2017-18 was considered recognising that there may be a period of transition towards the end of the year.
- A further update was provided on the issues arising from the delivery of PCS.
- The Committee approved some minor changes to the Standing Orders and Scheme of Delegation, noting that more substantive changes to Standing Financial Instructions will be circulated at a later date.
- The counter fraud update was considered but the proactive counter fraud plan was deferred until a future meeting.
- The Committee received an update on the Mandate Assurance report.
- The year end Annual Report and Accounts were considered and good progress on both was noted. All financial targets have been achieved. The Board will be asked to delegate authority to ARAC to recommend the Annual Report and Accounts for signature and the final version will be submitted to ARAC for approval in July.
- The NAO indicated the C&AG was still considering whether to exercise his reporting powers in respect of the 2016-17 financial position
- The Committee considered and approved a recommendation on the future delivery of the Internal Audit service

The Board is invited to:

- Note the Report and approve the changes to the Standing Orders and Scheme of Delegation.

REPORT TO THE BOARD FROM: **Audit and Risk Assurance Committee**

COMMITTEE CHAIR: **Joanne Shaw**

DATE OF COMMITTEE MEETING: **11.05.2017**

MATTERS FOR THE BOARD`S ATTENTION

Progress on Internal Audit Programme and Head of Internal Audit Opinion

1. The Draft Head of Internal Audit Opinion (HoIAO) was presented to the Committee. It was noted that a number of reports still need to be cleared but that these should not affect the final opinion set out in the draft. Overall the arrangements for Risk Management and Governance were found to be adequate although some embedding is required. It was noted that there has been significant improvement in respect of Internal Control but some elements need to be embedded having completed the design stage.
2. The Committee noted the good progress made on CSU Service Auditor reports for 2016-17. All year end reports have been included with the exception of one CSU. The lack of management disclosures remains an issue and work has been done with CSUs to address this.
3. There was a detailed discussion on the Internal Audit report on Safeguarding particularly on the level of central oversight over concerns raised. The Chief Nursing Officer attended for this item. She highlighted the issues with capturing and reporting all concerns which are raised.
4. A draft Internal Audit plan for 2017-18 was presented to the Committee. This will consist of 1800 audit days. This needs to be reviewed to see how much focus is on business as usual activity and how much is on areas where controls need embedding.
5. The future plans for delivering the internal audit service were discussed and a recommendation from the CFO was approved.

Governance

6. A summary of progress on Internal Audit actions was provided. This has been split into backlog and business as usual. The management of actions will be through the use of the Corestream system in future. Progress is satisfactory although there are some audits which have a significant number of older outstanding actions.
7. The Committee noted the progress reported on dealing with the Primary Care Services issues. There was discussion on restarting the transformation work and the timing of that. It was acknowledged that Capita have been working to deliver the rectification plans but there was concern that some targets have slipped. A series of lessons learnt events is to be held before summer.
8. The new framework for risk management has been introduced and is being embedded.

9. Changes to the Standing Orders and Scheme of Delegation were reviewed and the Committee recommends that the Board approves these. Changes to the Standing Financial Instructions will be considered at a later date.

Annual Report and Accounts

10. The Committee received the year end drafts of the NHS England Annual Report and Annual Accounts (ARA), and it was noted that there had been very good progress in getting them to this stage. It was noted that all financial targets have been achieved. Final revisions will be made in the week commencing 19 June 2017. The Board will be asked to delegate to ARAC the authority to recommend the ARA for signature. Laying of the ARA is expected to be mid-July.
11. The NAO highlighted that the C&AG has not yet decided whether the special reporting powers will be needed. The interim audit work has gone well and no major problems are foreseen with the year-end audit.

Counter Fraud

12. The Committee received the counter fraud update. The level of recoveries was discussed and this would be one aspect considered when the organisation decides how it wishes to secure the counter fraud service in the future.
13. The proactive counter fraud work plan for 2017-18 was deferred to a future meeting pending a deep dive on the proactive work done in 2016-17.
14. NHS Protect updated on their change to become a Special Health Authority (NHS Counter Fraud Authority). It started in shadow form from 1 April 2017 and further progress will now be notified after the general election.

Oversight

15. The Mandate Assurance report was presented to the Committee. It was noted that this is still being discussed with DH to finalise the scores.

ITEMS FOR THE BOARD'S INFORMATION AND ASSURANCE

16. In summary, risk and governance elements are in place but some elements of internal control still need to be embedded. Further work is required and this will remain a focus for ARAC going forward

PROGRESS AGAINST THE COMMITTEE'S ANNUAL WORK PLAN

17. The Committee reviewed the workplan which covers the period up to December 2017. The plan will remain under continual review by the Committee.

RECOMMENDATION

18. The Board is asked to:

- note the Report and approve the changes to the Standing Orders and Scheme of Delegation