

## 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 3 July 2017

**Summary of Paper:**

All non-executive committee members were present, along with key executives. Key points:

- The final Annual Report and Accounts for 2016-17 were considered and approved by the Committee on behalf of the Board. The team was commended for the quality of the Accounts and the improved process in finalising the Annual Report.
- The NAO presented their Audit Completion Report for 2016-17. No material issues had been identified during the audit work. The Committee agreed to a number of minor unadjusted misstatements.
- The NAO also indicated the C&AG was still considering whether to exercise his reporting powers in respect of the 2016-17 financial position.
- The Final Head of Internal Audit Opinion (HoIAO) was presented to the Committee
- There was a detailed discussion on issues arising from the Internal Audit report on Primary Medical Care Services Commissioning and Contract Management. The Director of Primary Care Commissioning attended and presented an update paper on this issue.
- The National Director Strategy and Innovation presented an update on key risks and internal audit actions in that Directorate.
- A further update was provided on the issues arising from the delivery of PCS.
- The Committee considered and approved a recommendation on the future delivery of the reactive counter fraud service.
- An update on the proactive counter fraud plan was provided and a deep dive on this will be presented to the September meeting.
- The Director of Strategic Finance provided an update on the processes around the approval of Digital funding
- The Director of Informatics gave an update on Cyber Security issues which is seen as a key risk area

**The Board is invited to:**

- Note the Report

**REPORT TO THE BOARD FROM:**           **Audit and Risk Assurance Committee**  
**COMMITTEE CHAIR:**                   **Joanne Shaw**  
**DATE OF COMMITTEE MEETING:**       **03.07.2017**

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## **MATTERS FOR THE BOARD`S ATTENTION**

### **Progress on Internal Audit Programme and Head of Internal Audit Opinion**

1. The Final Head of Internal Audit Opinion (HoIAO) was presented to the Committee. This has been updated to take account of the reports issued since the May meeting.
2. The Committee noted the good progress made on CSU Service Auditor reports for 2016-17. All year end reports have been issued with the exception of one CSU.
3. There was a detailed discussion on the Internal Audit report on Primary Medical Care Services Commissioning and Contract Management. The Director of NHS Commissioning attended for this item and explained how the issues with the delivery of Primary Care Support Services had impacted on the ability to gain assurance. There was also discussion on work which had been carried out on CCG remuneration.
4. The National Director Strategy and Innovation attended to update the Committee on key control risks and outstanding Internal Audit actions in that Directorate.

### **Governance**

5. An update was provided on the project to move internal audit recommendation management onto Corestream. This was on track and reports will be generated from it for the September meeting. The Corestream system will also be used to manage the organisation's risk register.
6. The Committee noted the progress reported on dealing with the Primary Care Services issues. There is still work to do in respect of the performer list service and payments and pensions services.

### **Annual Report and Accounts**

7. The Committee received and approved the final version of the NHS England Annual Report and Annual Accounts (ARA). The Chair complimented the team on the quality of the ARA and the improvement in the process to finalise it this year. The value of the summary slide pack accompanying the accounts was remarked upon. There was a discussion of how such a communication tool might be used more widely both internally and with partners and commentators, to provide a clear and succinct picture of the financial performance of the NHS in 2016/17.
8. The NAO presented their Audit Completion report. No material issues had been identified during the audit work, which was almost complete. Some aspects of the Remuneration Report were still being finalised. The C&AG has not yet decided

whether to use its special reporting powers in respect of the NHS once again. The annual management letter will be presented to the September meeting. An update on Value for Money work will also be presented in September. Accordingly, the Chief Executive, in his capacity as Accounting Officer, signed the NHS England Annual Report and Accounts.

## **Counter Fraud**

9. The future plans for delivering the reactive counter fraud service were discussed and a recommendation from the CFO was approved.
10. An update on the proactive counter fraud plan for 2017-18 was provided and a deep dive on this will be presented to the September meeting which will draw on the proactive work undertaken to date.

## **Oversight**

11. The Director of Financial Strategy presented a paper on the Governance and Assurance processes around IT and Digital funding.
12. The Director of Informatics presented an update on Cyber security issues affecting the NHS particularly in the wake of the recent incident which affected some NHS organisations. There was discussion on how assurance can be obtained across the sector on the security of IT systems.

## **ITEMS FOR THE BOARD'S INFORMATION AND ASSURANCE**

13. 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**

14. The Committee received the workplan which covers the period up to March 2018. Dates for meetings in 2018 have now been fixed. The plan will remain under continual review by the Committee.

## **RECOMMENDATION**

15. The Board is asked to note the report.