

Report To:	Governing Body Meetings in Common
Report Title:	Audit Committees in Common Annual Report
Report From:	Chris Stainforth, Chair
Date:	23 rd September 2020
Previously Considered by:	n/a

Action Required (*delete as appropriate*)

Decision:		Assurance:	✓	Information:		Confidential	
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Purpose of the Report:

To present to the Audit Committee the Annual Report of the Audit Committees in Common detailing how the Committees have discharged their functions over the year 2019/20.

Key Points:

- The Audit Committees in Common have met 5 times in 2019/20.
- Average attendance rate of members was 46.67% but it should be noted that the Committee is not expected to run on full membership as quoracy relates to 2 members.
- The Audit Committee are generally satisfied with the quality of information it receives for meetings.
- Functions and duties of the committees include:
 - Reviews the establishment and maintenance of an effective system of integrated governance, risk management and internal control.
 - Ensures that there is an effective internal audit function that meets the NHS Public Sector Internal Audit standards and provides appropriate independent assurance to the Audit Committee, Accountable Officer and the Governing Body.
 - Reviews and monitors the external auditor's independence and objectivity and the effectiveness of the audit process.
 - Monitors the integrity of the financial statements of the organisation and any formal announcements relating to its financial performance
- Business Transacted this year includes:
 - Head of Internal Audit Opinion and Plan
 - Joint Counter Fraud Plan
 - Security Management Work Plan
 - CCG Staff Survey Results – Counter Fraud
 - CCGs Assurance Framework and Risk Register
 - Gifts and Hospitality and Sponsorship Registers
- During 2020/21, business will include:
 - The Audit Committee agreeing with Auditors and Management a revised programme for gaining assurance of the governance of the organisations. The Committee will focus on ensuring that External Auditors are appointed for the next financial year and that the governance framework continues to be followed through the Covid-19 incident and during the pre-merger process.

Recommendation:

The Governing Bodies are asked to **RECEIVE** the report and be **ASSURED** that the Audit Committees in Common is satisfied that they have adequately discharged their remit in the year to 31 March 2020.

Implications						
Objective(s) / Plans supported by this report:	To obtain an independent and objective view of the CCG's financial systems, financial information and compliance with laws, regulations and directions governing the group in so far as they relate to finance.					
Conflicts of Interest:	Not applicable					
Financial:	Non-Recurrent Expenditure:	Not applicable				
	Recurrent Expenditure:	Not applicable				
	Is this expenditure included within the CCG's Financial Plan? (Delete as appropriate)	Yes		No		N/A ✓
Performance:	Report details the assessment of performance of the Audit Committee					
Quality and Safety:	Not applicable					
Equality and Diversity:	General Statement: The CCG is committed to fulfil its obligations under the Equality Act 2010, and to ensure services commissioned by the CCG are non-discriminatory on the grounds of any protected characteristics. Policies/decisions may need to be adjusted in line with any equality analysis or due regard. Any decision that is finalised without being influenced by appropriate due regard could be deemed unlawful.					
	Has an equality impact assessment been undertaken? (Delete as appropriate)	Yes (attached)		No		N/A ✓
Patient and Public Engagement:	Not applicable					
Clinical Engagement:	Not applicable					
Risk and Assurance:	Provides assurance on the Committees' management of risks.					

NHS Coventry and Rugby CCG & NHS Warwickshire North CCG
Annual report of the Audit Committee

1 Introduction

This document represents the report of the Audit Committee of NHS Coventry and Rugby CCG & NHS Warwickshire North CCG for the period 1st April 2019 to 31st March 2020. The report is intended to provide the Committees with an opportunity to reflect on and document its performance during the year.

2 Membership and Meetings

The Audit Committee met 5 times formally during 2019/20 as meetings in common. The dates of meetings and attendance of members is shown in the Appendix.

The Audit Committee is chaired by Mr Chris Stainforth, Lay Member for Audit and Governance, CRCCG.

It should be noted that the Committee is not expected to run on full membership as quoracy relates to 2 members. On this basis the fact that Committee members achieved an attendance rate of 46.67% of the formal meetings which they were eligible to attend should be noted, but not a matter for concern.

The Committee has 'Declaration of Interests' as a standing item on its agenda and records any interests declared in its minutes.

The performance of the Chair is reviewed by the Chairs of NHS Coventry and Rugby CCG & NHS Warwickshire North CCG.

3 Administration and Communication

The Audit Committee is generally satisfied with the quality of the information that it receives for its meetings and with the administration of meetings with the majority of papers being available one week in advance of the meeting. Papers for meetings in 2019/20 were sent electronically and posted in hard copy to members where required. The Committee had already planned to expand its use of technology during 2020/21 to ensure that all members had access to 'paperless' versions of the committees' papers but since April 2019 due to COVID, the committee has met virtually and has been 'paperless' with no issues.

The agenda, minutes and papers of all meetings are available to staff on request.

4 Discharge of the Functions of the Committee

The functions of the Audit Committee are set out in the Terms of Reference and may be discharged directly which is then reported back to the Governing Body at every public meeting. The table overleaf sets out how the Audit Committee believes it has effectively discharged its functions/duties during the year; more information about the business that the Board has transacted is contained at section 5.

Function/Duties	Discharge
<p><i>Integrated Governance, Risk Management and Internal Control</i> Reviews the establishment and maintenance of an effective system of integrated governance, risk management and internal control.</p>	<p>In carrying out this work the Committee primarily utilises the work of internal audit, external audit and other assurance functions but is not be limited to these sources. It has sought reports and assurances from Directors and Managers as appropriate, concentrating on the overarching systems of integrated governance, risk management and internal control together with indicators of their effectiveness. This is evidenced through the Committee's use of an effective assurance framework to guide its work and that of the audit and assurance functions that report to it.</p>
<p><i>Internal Audit</i> Ensures that there is an effective internal audit function that meets the NHS Public Sector Internal Audit standards and provides appropriate independent assurance to the Audit Committee, Accountable Officer and the Governing Body.</p>	<p>This is achieved by the provision of the internal audit service which includes review and approval of the internal audit plan, and more detailed programme of work which has ensured that this is consistent with the audit needs of the organisation as identified in the Assurance Framework. Assurance levels are also reported in the Annual Internal Audit Statement.</p>
<p><i>External Audit</i> Reviews and monitors the external auditor's independence and objectivity and the effectiveness of the audit process.</p>	<p>Independence of the auditor is internally/annually assessed by management as part of the Audit requirements.</p> <p>The effectiveness and objectivity have been achieved by discussion and agreement with the External Auditors, before the audit commences, the nature and scope of the audit as set out in the Annual Plan.</p>
<p><i>Financial Reporting</i> Monitors the integrity of the financial statements of the organisation and any formal announcements relating to its financial performance.</p>	<p>This has been achieved by reviewing the unaudited and audited Annual Report and financial statements before submission to the Governing Body. Assurance is also gained through Internal Audit reporting.</p> <p>Seeking assurance during the meetings that the systems for financial reporting to the Governing Body including those of budgetary control are subject to review as to completeness and accuracy of the information provided.</p>

<p>Whistleblowing Reviews the effectiveness of the arrangements in place for allowing staff to raise (in confidence) concerns about the possible improprieties in financial, clinical or safety matters and ensure that any such concerns are investigated proportionately and independently.</p>	<p>The Whistleblowing policy is reviewed annually by the committee (last review January 2020)</p>
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5 Business Transacted During the Year

The Audit Committee met formally on 5 occasions during 2019/20.

The agendas are structured to cover Internal Audit, External Audit, Counter Fraud and Local Security Management, Finance, Other Assurances and Issues to report to Governing Body items.

Within the above sections of its agenda, the Committee received and considered audit progress and review reports at every meeting with most of the issues within the table above. At its May 2019 meeting the Committee received and discussed the CCGs Annual Report and Accounts for 2018/19. As well as the general business as outlined above additional discussions throughout the year included:

- Head of Internal Audit Opinion and Plan
- Joint Counter Fraud Plan
- Security Management Work Plan
- CCG Staff Survey Results – Counter Fraud
- CCGs Assurance Framework and Risk Register
- Gifts and Hospitality and Sponsorship Registers

In all the above discussions, Lay members of the Audit Committee provided constructive challenge and support, drawing on their own experiences, to plans being developed by the Executive Directors.

6 Look Forward to 2020/21

The Audit Committee will agree with Auditors and Management a revised programme for gaining assurance of the governance of the organisations. The Committee will focus on ensuring that External Auditors are appointed for the next financial year and that the governance framework continues to be followed through the Covid-19 incident and during the pre-merger process.

7 Conclusion and Recommendation

The Audit Committee is satisfied that it has adequately discharged its remit in the year to 31st March 2020.

Appendix

Member	23/4/19	21/5/19	30/7/19	31/10/19	30/1/20	Total Committee meetings attended
Chris Stainforth						5
Graham Nuttall						1
David Allcock						1
Ludlow Johnson						1
Adrian West						4
Jonathan Timperley						2

(David Allcock took on the role of organisation Chair so was not counted as a Member for a period during the year. It was agreed that the attendance of Sue Turner and Sharon Beamish at the meetings would result in quoracy for WNCCG)