

Haringey Clinical Commissioning Group

HEAD OF INTERNAL AUDIT OPINION

22nd May 2015

Haringey Clinical Commissioning Group Annual Internal Audit Opinion 2014/15

HEAD OF INTERNAL AUDIT OPINION ON THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL CONTROL AT HARINGEY CLINICAL COMMISSIONING GROUP FOR THE YEAR ENDED 31 MARCH 2015

1 Roles and responsibilities

The whole Board is collectively accountable for maintaining a sound system of internal control and is responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system.

The Annual Governance Statement (AGS) is an annual statement by the Accountable Officer, on behalf of the Board, setting out:

- how the individual responsibilities of the Accountable Officer are discharged with regard to maintaining a sound system of internal control that supports the achievement of policies, aims and objectives;
- the purpose of the system of internal control as evidenced by a description of the risk management and review processes, including the Assurance Framework process;
- the conduct and results of the review of the effectiveness of the system of internal control including any disclosures of significant control failures together with assurances that actions are or will be taken where appropriate to address issues arising.

The organisation's Assurance Framework is one of the key mechanisms that the Accountable Officer can use to support their AGS.

In accordance with Public Sector Internal Audit Standards, the Head of Internal Audit (HoIA) is required to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes (i.e. the organisation's system of internal control). This is achieved through a risk-based plan of work, agreed with management and approved by the Audit Committee, which should provide a reasonable level of assurance, subject to the inherent limitations described below.

The opinion does not imply that Internal Audit have reviewed all risks and assurances relating to the organisation. The opinion is substantially derived from the conduct of risk-based plans generated from a robust and organisation-led Assurance Framework. As such, it is one component that the Board takes into account in making its AGS.

2 The Head of Internal Audit Opinion

The purpose of my annual HoIA Opinion is to contribute to the assurances available to the Accounting Officer and the Board which underpin the Board's own assessment of the effectiveness of the organisation's system of internal control. This Opinion will in turn assist the Board in the completion of its AGS.

My opinion, based on work undertaken up to 22nd May 2015, is set out as follows:

Based on the work undertaken in 2014/15, **significant assurance** can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently. However, some weaknesses have been identified.

We identified two reviews where we could only provide some assurance. We issued **Amber RED** opinions in the following areas:

- **Procurement, and;**
- **Financial Reporting and Budgetary Control and QIPP.**

Key issues from these reviews were as follows:

Procurement

- During the period April to September 2014 the CCG had significantly low levels of transactions supported by a purchase order.
- We found instances where there was no evidence of sufficient quotes being obtained in the procurement process.
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Financial Reporting and Budgetary Control and QIPP

- There was a £1.8m slippage against the QIPP target at the time of the review. There is a risk that the overall QIPP savings targets will not be realised. Management commented that delivery was impacted on by vacant posts and turnover of staff.
- The Equality and Quality Impact Assessment for Glaucoma was not undertaken. If Equality and Quality Impact Assessments are not undertaken, there is a risk that the project is not designed to ensure quality is not affected by the savings.

We have undertaken follow up reviews in these two areas at the end of the financial year. Our work found that recommendations made in the above reviews had either been implemented or were in the process of being implemented. We will continue to follow up any ongoing recommendations and report the results of these to Management and the Audit Committee.

3 Further issues relevant to this Opinion

We have considered the findings of the interim Service Auditor report carried out by the internal auditors of NHS England at the CSU, on behalf of the CSU customers, including Haringey CCG. Whilst we note a number of exceptions have been identified, we have liaised with the CSU and do not believe that there is anything significant requiring inclusion within the Annual Governance Statement.

4 Issues Judged Relevant to the preparation of the Annual Governance Statement

Based on the work we have undertaken on the Organisation's system on internal control we do not consider that within these areas there are any issues that need to be flagged as significant internal control issues within the AGS, other than some of the issues discussed above. However, the CCG may wish to consider whether any other issues have arisen, including the results of any external reviews which it might want to consider for inclusion in the Annual Governance Statement.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance>.

The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

This report is supplied on the understanding that it is solely for the use of the persons to whom it is addressed and for the purposes set out herein. Our work has been undertaken solely to prepare this report and state those matters that we have agreed to state to them. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from Baker Tilly Risk Advisory Services LLP for any purpose or in any context. Any party other than the Board which obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, Baker Tilly Risk Advisory Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

This report is released to our Client on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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