

Director Declarations

1. Questions about arrangements for preventing and detecting fraud

How does the Committee assess the risk that the financial statements may be materially misstated due to fraud?

The Governing Body (bi-monthly) and Quality and Finance Committee (monthly) receive detailed finance reports throughout the year which outline the current position, forecast outturn and all risks. The reports also highlight reasons for any variances and all movements from one month to another. This gives a high degree of assurance that the financial position reported in the financial statements is consistent with that reported throughout the year and is not subject to material misstatement due to fraud.

Internal Audit conduct audits during the year on all key financial control systems and no material issues regarding potential fraud have been raised.

All staff are trained and qualified and work to detailed financial reporting guidelines. The CCG are also required to report monthly to the Area Team who also have full access to the CCG general ledger.

Is the Committee aware of the management's process for identifying and responding to the risks of fraud generally and specific risks of misstatement in the financial statements?

The process for identifying and responding to such risks is managed through the Audit Committee which is clear in the terms of reference of the committee, the CCG policy and the governance arrangements for the CCG which all Governing Body members are aware of.

Is the Committee aware of the arrangements in place for management to report about fraud to the Committee?

All fraud reporting is done through the Audit Committee which is clear in the terms of reference of the committee, the CCG policy and the governance arrangements for the CCG which all Governing Body members are aware of.

Is the Committee aware of the arrangements management have in place, if any, for communicating with employees, non-executive directors, partners and stakeholders regarding ethical governance and standards of conduct and behaviour?

The CCG has a 'Standards of Business Conduct' policy which is available to all staff, partners and stakeholders on the website. The subject is also covered in the induction process and any relevant issues communicated to staff through the weekly team brief. Governing Body and committee members regularly discuss relevant issues, most recently in relation to conflict of interests, and these are recorded in the relevant minutes.

Does the Committee have knowledge of actual or suspected fraud, and if so is it aware of what actions management is taking to address it?

It is outlined in the Annual Counter Fraud Plan 2014/15 that the Local Counter Fraud Specialist (LCFS) will provide updates for the committee on counter fraud work, including updates on current and concluded fraud investigations and proactive counter fraud work undertaken. The update reports identify the outcomes from fraud investigations, what - if any - sanctions were obtained and details of any system weaknesses exploited by fraudsters and the action taken by management to address them.

What arrangements are in place for the Committee to oversee management arrangements for identifying and responding to the risks of fraud and the establishment of internal control?

The arrangements for identifying and responding to the risks of fraud are enshrined in the Draft Anti-Fraud, Bribery and Corruption Policy and the Committee has oversight of the processes from the update reports and Annual Counter Fraud Report provided by the LCFS.

2. Questions about arrangements for complying with relevant law and regulations

Has management provided a clear statement which confirms its consideration of relevant laws and regulations and its compliance with them?

The principal legal requirements were embodied in the Health and Social Care Act 2012 which significantly amended the NHS Act 2006. The CCG adopted the model constitution which itself contained the legal requirements and was published by the NHS Commissioning Board (NHS England). Where appropriate and necessary, specific advice is sought on any given matter that arises.

How does the Committee satisfy itself that all relevant laws and regulations are being complied with?

The Audit Committee and Governing Body receive and approve an Annual Governance Statement in addition to regular reports on any non-compliance. The CCG also complies with the various reporting requirements as directed by NHS England.

Is the Committee aware of any instances of non-compliance with laws or regulations?

The CCG management are not aware of any instances of non-compliance with laws or regulations.

Has management provided a list of litigation and claims?

No new claims have been made since the CCG was established.

Has an assessment been made of the outcome of the litigation or claim and its estimate of the financial implications, including costs involved?

Not applicable.

Has the reasonableness of management's assessments been considered and additional information provided to the auditor where necessary?

Not applicable.

3. Questions about the appropriateness of the going concern assumption

Has a report been received from management forming a view on going concern? Are the financial assumptions in that report (e.g. future levels of income and expenditure) consistent with the strategic business plan and the financial information provided to the Governing Body throughout the year? If not, does the report contain a clear explanation, with supporting evidence, for the assumptions used, and are those assumptions appropriate? This should include written evidence of agreed income and expenditure for major funding streams.

See point one above. A going concern paper was presented to; considered and approved by Audit Committee and for completeness is attached here in Annexe 2. The financial assumptions within this report are wholly in line with the CCG's strategic business plan and the financial information presented to and approved by the Governing Body.

Are the implications of statutory or policy changes appropriately reflected in the business plan, financial forecasts and report on going concern?

The going concern paper is prepared on the basis of the CCG complying with all statutory and policy changes and meeting all the business rules as required at the time of writing the report.

Have there been any significant issues raised with the Governing Body during the year (e.g. adverse comments raised by internal and external audit regarding financial performance or significant weaknesses in systems of financial control, or significant variances to activity levels compared to those planned), which could cast doubts on the assumptions made?

There have been no significant issues, adverse or otherwise, raised by internal or external audit with regards to financial performance or financial control.

Has an analysis been undertaken of the CCG's projected or actual performance against its financial plan? If so, is it robust and does it identify any areas of potential concern? Where this is the case, what action is being taken to address those areas of potential weakness? If a deficit exists, is there a recovery plan, agreed with all key external stakeholders (e.g. Area Team and NHS Trusts)? If so, is it robust and does it rely significantly on additional financial support?

The CCG's financial plan for 2015/16 has been presented in detail on a number of occasions to the Governing Body for review, consideration and final sign-off. The headline position is summarised within the going concern paper.

Whilst the plan produces a surplus, the Governing Body is clear on the scale of the challenge to deliver this, the areas of potential concern and the as yet unidentified element required to fully bridge the gap created to deliver the year-end position.

The only additional financial support assumed within the plan is with regards to the achievement of the 2014/15 Quality Premium and the additional income the CCG could expect to receive from this in 2015/16. For the purposes of the plan this has been assumed at the same amount actually received in 2014/15 in regards to 2013/14 performance of £312k.

Does the organisation have sufficient staff in post, with the appropriate skills and experience, particularly at senior management level, to ensure the delivery of the organisation's objectives? If not, what action is being taken to obtain those skills?

The CCG's management team is confident there are sufficient staff in post with the appropriate skills and experience to deliver the organisation's objectives.

There are some concerns around the implications of the Commissioning Support (CS) not getting on the Lead Provider Framework (LPF) and the impact of Primary Care Co-Commissioning. In both instances the CCG is working to fully assess the implications of these and exploring available options. In the case of CS the CCG is looking to either bring services in-house or buy them in where appropriate from an LPF provider. With regards to Primary Care Co-Commissioning this is no longer expected to be as onerous, although the Finance and Contracting Team are holding a vacancy that could be used for these purposes if required.