

## Response from Audit and Quality Committee Chair

### Fraud risk assessment

Auditor Question	Response
Has the CCG assessed the risk of material misstatement in the financial statements due to fraud?	The level of risk around material misstatement is small as the majority of transactions for the CCG are invoiced, with the exception of provisions around CHC and estimates on prescribing, which are well known and understood.
What are the results of this process?	N/A
What processes does the CCG have in place to identify and respond to risks of fraud?	<p>The CCG has a counter-fraud service that has conducted many NHS investigations and continues to do so for the CCG. The CCG has a nominated Local Counter Fraud Specialist (LCFS). The LCFS undertakes agreed pro-active work in accordance with an annual workplan, in addition to investigating specific allegations, as instructed by the CCG and charged on a per diem basis.</p> <p>The CCG has an agreed Fraud Response Plan which details reporting arrangements. The CCG also has the A&amp;Q annual report for whistleblowing.</p> <p>The CCG also takes part in the National Fraud Initiative.</p>
Have any specific fraud risks, or areas with a high risk of fraud, been identified and what has been done to mitigate these risks?	Fraud risks have been identified and are investigated by the commissioned Counter Fraud Service with recommendations to management which are reported back to Audit & Quality.

<p>Are internal controls, including segregation of duties, in place and operating effectively?</p>	<p>Yes.</p> <p>Standing Financial Instructions have been agreed by the CCG Governing Body, including separation of duties and internal controls.</p> <p>Internal Audit is completed a review of Key Financial Systems in January 2019 and reported 'substantial assurance' of the design and effectiveness of the internal controls.</p>
<p>If not, where are the risk areas and what mitigating actions have been taken?</p>	<p>N/A</p>
<p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)?</p>	<p>No – clear segregation of duties exist.</p>
<p>Are there any areas where there is a potential for misreporting?</p>	<p>No</p>
<p>How does the Governing Body exercise oversight over management's processes for identifying and responding to risks of fraud?</p>	<p>The CCG has a counter fraud service, which has conducted many NHS investigations for the CCG, former PCTs and wider NHS clients.</p> <p>The counter-fraud representative is required to report to the Audit &amp; Quality Committee to provide assurance to the Governing Body as a delegated responsibility.</p> <p>The LCFS attends each A&amp;Q Committee and presents an update on all counter fraud activity including investigations. Lay and Executive members are able to question the LCFS regarding the work. The LCFS also has regular meetings with the CFO to discuss on-going investigations.</p>
<p>What arrangements are in place to report fraud issues and risks to the Governing Body?</p>	<p>As above</p>
<p>How does the CCG communicate and encourage ethical behaviour of its staff and contractors?</p>	<p>The CCG has adopted a common set of values, which are assessed as part of the annual appraisal process. The CCG has approved a Standards of Business Conduct Policy which applies to all staff and members.</p>

	No fraud concerns have been reported to the Audit & Quality Committee Chair.
How do you encourage staff to report their concerns about fraud? Have any significant issues been reported?	<p>The CCG has a Fraud Response Plan on the intranet that confirms any member of staff, officer or member suspecting fraud should notify the CCG through the LCFS. The policy is clear that it is the responsibility of all staff.</p> <p>The CCG's mandatory training Finance Governance Assurance Module includes contacting counter fraud.</p> <p>No significant issues have been reported.</p>
Are you aware of any related party relationships or transactions that could give rise to risks of fraud?	None known
Are you aware of any instances of actual, suspected or alleged, fraud, either within the CCG as a whole or within specific departments since 1 April 2018?	Yes – these have been documented and notified through the regular reporting of the LCFS at A&Q meetings.

## Law and regulation

Auditor Question	Response
What arrangements does the CCG have in place to prevent and detect non-compliance with laws and regulations?	The CCG monitors Department of Health and NHS England websites to identify any new and updated regulations. It continues to monitor known areas of risk, including freedom of information and information governance, along with procurement regulations. The CCG also maintains a risk register where any areas of concern or non-compliance will be picked up and any actions identified.
How does management gain assurance that all relevant laws and regulations have been complied with?	As above
How is the Governing Body provided with assurance that all relevant laws and regulations have been complied with?	The annual governance statement is taken to the Governing Body to provide assurance on a number of legal and regulatory areas.
Have there been any instances of non-compliance or suspected non-compliance with law and regulation since 1 April 2018?	No
What arrangements does the CCG have in place to identify, evaluate and account for litigation or claims?	Material claims are notified to Finance.
Is there any actual or potential litigation or claims that would affect the financial statements?	No material litigation.
Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance?	No – please note, though, that HMRC are currently conducting a compliance check. All requested information has been provided and the CCG is now waiting on any further queries.