



Annual Audit Letter 2016-17

NHS Barnsley Clinical Commissioning Group

June 2017

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in connection with this
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This report is addressed to NHS Barnsley CCG (the CCG) and has been prepared for the sole use of the CCG. We take no responsibility to any member of staff acting in their individual capacities, or to third parties.

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact John Prentice, the engagement lead to the CCG, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers (on 0207 6948981, or by email to andrew.sayers@kpmg.co.uk). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk, by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.



Introduction

Introduction

Background

This Annual Audit Letter (the letter) summarises the key issues arising from our 2016-17 audit at NHS Barnsley Clinical Commissioning Group (the CCG). Although this letter is addressed to the Members of the Governing Body of the CCG, it is also intended to communicate these issues to external stakeholders, such as members of the public. It is the responsibility of the CCG to publish this letter on the CCG's website.

In the letter we highlight areas of good performance. We have reported all the issues in this letter to the CCG during the year and we have provided a list of our reports in Appendix A.

Scope of our audit

The statutory responsibilities and powers of appointed auditors are set out in the Local Audit and Accountability Act 2014. Our main responsibility is to carry out an audit that meets the requirements of the National Audit Office's Code of Audit Practice (the Code) which requires us to report on:

Financial Statements including the regularity opinion and Governance Statement	<p>We provide an opinion on the CCG's financial statements. That is whether we believe the financial statements give a true and fair view of the financial affairs of the CCG and of the income and expenditure recorded during the year.</p> <p>We are also required to:</p> <ul style="list-style-type: none">— form a view on the regularity of the CCG's income and expenditure i.e. that the expenditure and income included in the CCG's financial statements has been applied to the purposes intended by Parliament and the financial transactions in the financial statements conform to the authorities which govern them;— report by exception if the CCG has not complied with the requirements of NHS England in the preparation of its Governance Statement; and— examine and report on the consistency of the schedules or returns prepared by the CCG for consolidation into the Whole of Government Accounts (WGA) with our other work.
Value for Money arrangements	<p>We conclude on the arrangements in place for securing economy, efficiency and effectiveness (value for money) in the CCG's use of resources.</p>

Introduction (cont.)

Adding value from the External Audit service

We have added value to the CCG from our service throughout the year through our:

- attendance at meetings with members of the Governing Body and Audit Committee to present our audit findings, broaden our knowledge of the CCG and provide insight into sector developments and examples of best practice;
- proactive and pragmatic approach to issues arising in the production of the financial statements to ensure that our opinion is delivered on time;
- incorporation of data analytics into our programme of work to, for example, identify high risk journals for testing; and
- strong and effective working relationship with Internal Audit to maximise assurance to the Audit Committee, avoid duplication and provide value for money.

Fees

Our fee for 2016-17 was £56,250 excluding VAT (2015-16: £59,350. This is the scale fee plus an additional fee of £3,100 in 2015/16 in relation to issues with quality of working papers and the national problems which arose in relation to a service auditor report). Our fees are set nationally by Public Sector Audit Appointments Ltd and the 2016-17 fee was in line with the fee agreed at the start of the year with the CCG's Audit Committee.

We are in the process of agreeing a fee variation, with both the CCG and PSAA for the additional work we have had to undertake as result of the not being able to rely on the service auditor report for Capita in respect of payments made to GPs'. The value of this is still to be confirmed.

Acknowledgement

We would like to take this opportunity to thank the officers of the CCG for their continued support throughout the year.



Headlines

Headlines

This section summarises the key messages from our work during 2016-17.

Financial Statements audit opinion	<p>We issued an unqualified opinion on the CCG's accounts on 23 May 2017. This means that we believe the accounts give a true and fair view of the financial affairs of the CCG and of the income and expenditure recorded during the year.</p> <p>There were no significant matters to report to those charged with governance.</p> <p>The draft accounts were of high quality and we received all requested documentation and onsite support in a timely manner.</p>
Financial statements audit work undertaken	<p>We are required to apply the concept of materiality in planning and performing our audit. We are required to plan our audit to determine with reasonable confidence whether or not the financial statements are free from material misstatement. An omission or misstatement is regarded as material if it would reasonably influence the user of financial statements. Our materiality for the audit was £7 million (2015/16: £7 million).</p> <p>We identified the following risk of material misstatement in the financial statements as part of our External Audit Plan 2016/17:</p> <ul style="list-style-type: none"> — Accounting for commissioning of GP services – This was identified as a risk due to national issues in obtaining supporting evidence for the figures in 2015/16, as we were unable to rely on the controls at the service organisation. These issues continued into 2016/17, so we undertook the following audit procedures <ul style="list-style-type: none"> • Obtained an understanding of the CCG's in year processes, systems and controls associated with the commissioning of GP services; • Formed an expectation of the value of GMS and PMS payments based on the national tariff and patient list numbers; and • Confirmed the balance in the accounts back to the contract values. <p>Our work confirmed that the amount recorded for commissioning of GP services within the CCG's accounts was not materially misstated.</p>
Regularity Opinion	<p>We are required to form a view on the regularity of the CCG's income and expenditure i.e. that the expenditure and income included in the CCG's financial statements has been applied to the purposes intended by Parliament and the financial transactions in the financial statements conform to the authorities which govern them.</p> <p>We reviewed the CCG's expenditure and income and in our opinion, in all material respects, it has been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.</p>
Governance Statement	<p>We confirmed that the CCG complied with NHS England requirements in the preparation of the CCG's Governance Statement.</p>
Whole of Government Accounts	<p>We issued an unqualified Auditor's Statement on the Consolidation Schedules prepared by the CCG for consolidation into the Whole of Government Accounts with no differences identified.</p>

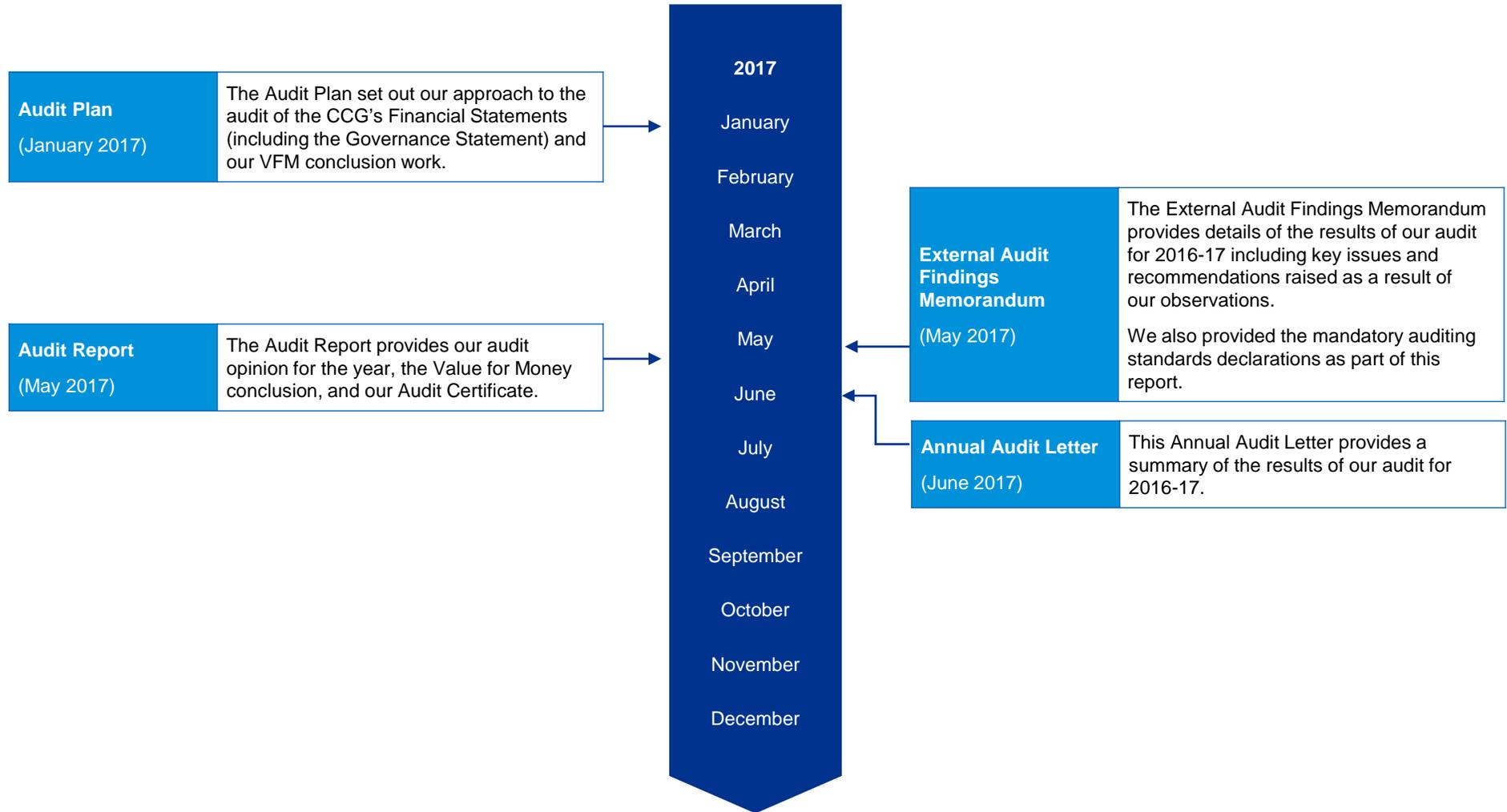
Headlines (cont.)

Value for Money (VFM) conclusion	<p>We are required to report to you if we are not satisfied that the CCG has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Based on the findings of our work, we have nothing to report.</p>
VFM conclusion risk areas	<p>We undertook a risk assessment as part of our VFM audit work to identify the key areas impacting on our VFM conclusion and considered the arrangements you have put in place to mitigate these risks.</p> <p>Our work identified a significant risk around delivery of financial targets and QIPP plans. NHS bodies submitted financial plans for 2016/17 that in aggregate totalled a £580 million deficit. The achievement of financial balance, whilst maintaining the quality of healthcare provision, is therefore a key objective for all NHS organisations.</p> <p>The CCG had a QIPP target of £7.1m for 2016/17 and achieved £4.7m of this target. The underachievement was due to £3.4m of savings in relation to commissioning for value schemes being deferred to 2017/18. Although the QIPP schemes didn't deliver as expected, the CCG achieved its target with other non-recurrent budget savings.</p> <p>Our audit work included the following:</p> <ul style="list-style-type: none"> • Reviewing the CCG's outturn position in 2016/17 and its latest 2017/18 financial plan and supporting information. • Assessing the current financial position through discussions with management and considering whether the CCG has in place sound arrangements to deliver financial sustainability over the medium term. <p>The findings from our audit work were:</p> <ul style="list-style-type: none"> • We were satisfied that the process applied by the CCG in producing the 2017/18 financial plan was robust. • The CCG had considered the assumptions that should underpin the plan and had assessed their reasonableness and robustness, and had evidence to support the assumptions made which we concluded did not seem unreasonable. • We were satisfied that, overall, the CCG has arrangements in place to manage its financial sustainability and take prompt action where necessary to maintain its financial resilience.
Recommendations	<p>We are pleased to report that there are no high risk recommendations arising from our 2016-17 audit work.</p> <p>The CCG has been good at implementing agreed audit recommendations from prior years.</p>
Public Interest Reporting	<p>We have a responsibility to consider whether there is a need to issue a public interest report or whether there are any issues which require referral to the Secretary of State. We did not issue a report in the public interest or refer any matters to the Secretary of State in 2016-17.</p>



Appendices

Summary of our reports issued





The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

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