



# Auditor's Annual Report 2021/22

**NHS Barnsley CCG**

June 2022

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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.

## Introduction

This Auditor’s Annual Report provides a summary of the findings and key issues arising from our 2021-22 audit of NHS Barnsley CCG (the ‘CCG’). This report has been prepared in line with the requirements set out in the Code of Audit Practice published by the National Audit Office and is required to be published by the CCG alongside the annual report and accounts.

## Our responsibilities

The statutory responsibilities and powers of appointed auditors are set out in the Local Audit and Accountability Act 2014. In line with this we provide conclusions on the following matters:

- **Accounts** - We provide an opinion as to whether the accounts give a true and fair view of the financial position of the CCG and of its income and expenditure during the year. We confirm whether the accounts have been prepared in line with the Group Accounting Manual prepared by the Department of Health and Social Care (DHSC).
- **Annual report** - We assess whether the annual report is consistent with our knowledge of the CCG. We perform testing of certain figures labelled in the remuneration report.
- **Value for money** - We assess the arrangements in place for securing economy, efficiency and effectiveness (value for money) in the CCG’s use of resources and provide a summary of our findings in the commentary in this report. We are required to report if we have identified any significant weaknesses as a result of this work.
- **Regularity** - We assess whether expenditure incurred is in line with the purposes for which it was provided.
- **Other reporting** - We may issue other reports where we determine that this is necessary in the public interest under the Local Audit and Accountability Act.

## Findings

We have set out below a summary of the conclusions that we provided in respect of our responsibilities:

<b>Accounts</b>	<p>We issued an unqualified opinion on the CCG’s accounts on 20 June 2022. This means that we believe the accounts give a true and fair view of the financial performance and position of the CCG.</p> <p>We have provided further details of the key risks we identified and our response on page 4.</p>
<b>Annual report</b>	<p>We did not identify any significant inconsistencies between the content of the annual report and our knowledge of the CCG.</p> <p>We confirmed that the Governance Statement had been prepared in line with the DHSC requirements.</p>
<b>Value for money</b>	<p>We are required to report if we identify any matters that indicate the CCG does not have sufficient arrangements to achieve value for money.</p> <p>We have nothing to report in this regard.</p>
<b>Regularity</b>	<p>We did not identify any matters where irregular expenditure had been incurred.</p>
<b>Other reporting</b>	<p>We did not consider it necessary to issue any other reports in the public interest</p>

The table below summarises the key risks that we identified to our audit opinion as part of our risk assessment and how we responded to these through our audit.

Risk	Findings
<p><b>Management override of controls</b></p> <p>We are required by auditing standards to recognise the risk that management may use their authority to override the usual control environment.</p>	<p>We did not identify any material misstatements relating to this risk.</p>
<p><b>Fraudulent expenditure recognition</b></p> <p>Professional standards require us to make a rebuttable presumption that the fraud risk from expenditure recognition is a significant risk. We consider this would be most likely occur through overstating accruals and expenditure around the period end, to bring forward expenditure from 2022-23 to mitigate future financial pressures.</p>	<p>We did not identify any material misstatements relating to this risk or indicators of management override of controls.</p>

# Value for money

## Introduction

We consider whether there are sufficient arrangements in place for the CCG for each of the elements that make up value for money. Value for money relates to ensuring that resources are used efficiently in order to maximise the outcomes that can be achieved.

We undertake risk assessment procedures in order to assess whether there are any risks that value for money is not being achieved. This is prepared by considering the findings from other regulators and auditors, records from the organisation and performing procedures to assess the design of key systems at the organisation that give assurance over value for money.

Where a significant risk is identified we perform further procedures in order to consider whether there are significant weaknesses in the processes in place to achieve value for money.

Further details of our value for money responsibilities can be found in the Audit Code of Practice at [Code of Audit Practice \(nao.org.uk\)](http://nao.org.uk)

## Matters that informed our risk assessment

The table below provides a summary of the external sources of evidence that were utilised in forming our risk assessment as to whether there were significant risks that value for money was not being achieved:

<b>CCG assessment framework</b>	Outstanding (19/20 rating)
<b>Governance statement</b>	There were no significant control deficiencies identified in the governance statement
<b>Head of Internal Audit opinion</b>	Significant assurance that there is a generally sound framework of governance, risk management and control

## Commentary on arrangements

We have set out on the following pages commentary on how the arrangements in place at the CCG compared to the expected systems that would be in place in the sector.

## Summary of findings

We have set out in the table below the outcomes from our procedures against each of the domains of value for money:

Domain	Risk assessment	Summary of arrangements
<b>Financial sustainability</b>	No significant risks identified	No significant weaknesses identified
<b>Governance</b>	No significant risks identified	No significant weaknesses identified
<b>Improving economy, efficiency and effectiveness</b>	No significant risks identified	No significant weaknesses identified

We confirm that we have not identified any significant weaknesses to be included within our value for money report.

# Value for money

Financial sustainability	
Description	Commentary on arrangements
<p>This relates to ensuring that the CCG has sufficient arrangements in place to be able to continue to provide its services within the resources available to it.</p> <p>We considered the following areas as part of assessing whether sufficient arrangements were in place:</p> <ul style="list-style-type: none"> <li>How the CCG sets its financial plans to ensure services can continue to be delivered;</li> <li>How financial performance is monitored and actions identified where it is behind plan; and</li> <li>How financial risks are identified and actions to manage risks implemented.</li> </ul>	<p>As in 2020-21, the 2021-22 financial year is split into two halves with a different funding regime in each. The regimes are largely a continuation of those introduced in response to Covid-19, and set out in two lots of operational planning and implementation guidance.</p> <p>Within H1 (M1-M6) system funding envelopes, comprising of adjusted CCG allocations, system top-up and COVID-19 fixed allocations, were based on the H2 2020/21 envelopes adjusted for known pressures and policy priorities. Block contract payment arrangements remained in place for relationships between NHS commissioners and NHS providers. H2 (M7-M12) arrangements are broadly consistent with a continuation of the H1 framework described above.</p> <p>For H1 (21/22), the CCG half year financial plan indicated that a breakeven position occurred between allocation and modelled expenditure. Within the H2 financial plan, the CCG's position remained the same with a breakeven position being reported. However, this has since changed where the CCG has recorded a year end outturn of a surplus of £2m, this is as a result of additional system wide funding to help mitigate the pressures of Covid throughout the year.</p> <p>We found that the budget monitoring and control processes at the CCG were able to identify and incorporate significant pressures into the financial plan to ensure it was achievable and realistic. Management presented the 2022/23 Financial Plan to committee on the 12 May 2022. The plan investigated the extent of the financial gap and proposals for closing that gap in line with ICS. The budget was constructed based on appropriate local and national planning assumptions and these were set out clearly in the paper to the Governing Body.</p> <p><b>Conclusion</b></p> <p>Based on our work we have not identified any significant weaknesses.</p>

# Value for money

Governance	
Description	Commentary on arrangements
<p>This relates to the arrangements in place for overseeing the CCG's performance, identifying risks to achievement of its objectives and taking key decisions.</p> <p>We considered the following areas as part of assessing whether sufficient arrangements were in place:</p> <ul style="list-style-type: none"> <li>Processes for the identification and management of strategic risks;</li> <li>Decision making framework for assessing strategic decisions;</li> <li>Processes for ensuring compliance with laws and regulations;</li> <li>How controls in key areas are monitored to ensure they are working effectively.</li> </ul>	<p>The CCG has a Risk Management Framework in place. The Framework sets out the process for identifying, monitoring, evaluating and managing risks. Strategic risks are recorded and identified using the Governing Body Assurance Framework (GBAF), Risk Register and Issues Log. Operation risks are recorded within the Corporate Risk Register. Following an internal audit recommendation in the prior year, the entity has incorporated its Covid incident log within its risk management framework and processes, this has continued into 21/22.</p> <p>We have reviewed the CCG's Risk Register, GBAF and Risk Management Framework as part of our risk assessment. The GBAF is reported to the Governing Body and Audit Committee throughout the year where the detail provided in the papers is sufficient for members to make informed decisions. Risks are summarised within a colour coded table and each are linked to a statutory duty of the CCG. The table documents the key controls and mitigations to reduce the risk and key assurances provided to the Governing Body. Each risk has a 'consequence' and 'likelihood' which are multiplied to provide a 'current score'. The current score is colour coded and compared against the target risk score.</p> <p>The layout of the GBAF allows those charged with governance to clearly understand the risk and easily identify whether the risk aligns with the CCGs risk appetite as well as whether any future actions are required to reduce each risk. Within the GBAF there are clear linkages between strategic risks to individual operational risks, on the full risk register, to enable users of the GBAF to have sight of the how operational risks can contribute to the strategic risk.</p> <p>Any financial risks incorporated within the Forecast are communicated as part of the IPR report to the F&amp;P committee / Governing Body. Reporting of delivery is also captured as part of the CCGs risk register in relation to financial balance and delivery of QIPP.</p> <p>Budget holders are consulted as part of the budget build/QIPP process and Senior team, sub committees and Governing body sign off the budget for the CCG. The 21/22 financial year was split into two periods, H1 and H2. The CCG SMT/Finance and Performance committee and Governing body approved each of the budget periods.</p> <p>The CCG's GB Assurance Framework (priority area 11) sets out how the CCG is assured that it is compliant with statutory duties. As a commissioner the CCG is not subject to NHSI license conditions or CQC standards.</p> <p>The CCG is performance managed by NHSEI, based on the performance of the providers it commissions services from. Reports are presented to the Finance and Performance Committee and Governing Body with risks and issues in delivering performance being flagged with mitigating actions being taken.</p>

# Value for money

Governance	
Description	Commentary on arrangements
<p>This relates to the arrangements in place for overseeing the CCG's performance, identifying risks to achievement of its objectives and taking key decisions.</p> <p>We considered the following areas as part of assessing whether sufficient arrangements were in place:</p> <ul style="list-style-type: none"> <li>Processes for the identification and management of strategic risks;</li> <li>Decision making framework for assessing strategic decisions;</li> <li>Processes for ensuring compliance with laws and regulations;</li> <li>How controls in key areas are monitored to ensure they are working effectively.</li> </ul>	<p>As documented in our Financial Sustainability risk assessment, the financial guidance for 2021/22 was delayed with guidance for the 2021/22 financial year being received on the 25 March 2021. Therefore at the beginning of the 2021/22 financial year, this guidance was being worked through by Finance Officers in order to develop the 2021/22 financial plan. Through this guidance, the Governing Body were made aware that the H2 arrangements from 2020/21 would continue for H1 2021/22 and that the allocation for H1 would be the same as for H2 of 2020/21 plus specific additional allocations. Risks surrounding the H1 and H2 planning procedures were communicated to the Governing Body, highlighting specific cost pressures the CCG was likely to face in the financial year.</p> <p>The final Operational Plan for H1 was presented to and approved by Governing Body on 13 May 2021, prior to the submission to NHSE/I.</p> <p>The official planning guidance for H2 was not to be received until 30 September 2021 and therefore management knew they would not have approved budgets in place from 1 October 2021. On 11 November 2021, the CCG presented an indicative draft H2 plan to the Governing Body following the finalisation of the NHSE/I planning guidance. This plan was created based on a rolled forward H1 position.</p> <p>Draft planning guidance was issued by NHSEI on 24 December 2021, with draft plans to be submitted by 17 March. The CCG submitted the first submission of its 2022/23 plan to South Yorkshire Integrated Care System (ICS) on 03 March 2022. The final version of the plan was presented and approved by the Governing Body on 12 May 2022.</p> <p>Post year-end, we reviewed the progress on the finalisation of financial plan 22-23 for which work is ongoing at South Yorkshire Integrated Care System (ICS) level along with other member CCGs. We did not identify any further significant risk from our follow up procedures.</p> <p><b>Conclusion</b></p> <p>Based on our work we have not identified any significant weaknesses</p>

# Value for money

## Improving economy, efficiency and effectiveness

Description	Commentary on arrangements
<p>This relates to how the CCG seeks to improve its systems so that it can deliver more for the resources that are available to it.</p> <p>We considered the following areas as part of assessing whether sufficient arrangements were in place:</p> <ul style="list-style-type: none"> <li>▪ The planning and delivery of efficiency plans to achieve savings in how services are delivered;</li> <li>▪ The use of benchmarking information to identify areas where services could be delivered more effectively;</li> <li>▪ Monitoring of non-financial performance to assess whether objectives are being achieved; and</li> <li>▪ Management of partners and subcontractors.</li> </ul>	<p>We note that from 17 March 2020 QIPP programmes were put on hold in accordance with national guidance. This was to allow CCGs and providers to respond to the pandemic. The QIPP schemes and meetings have now been recently re-established and work is ongoing within this area.</p> <p>A strategic update is a standing item on the Governing Body agenda and includes updates on NHS guidance, national initiatives, proposals for local service redesign, local strategies and Covid. The Governing Body also receives updates across a number of areas to give members a wide overview of service delivery and metrics. Patient engagement and experience summarises the key outputs from Public and Patient Participation Groups that are held on a regular basis, these have continued virtually during the pandemic.</p> <p>Performance reports include Finance and Contracting, where detailed commentary is provided on how the CCG is performing against the financial plan for the year. The Governing body has continued to receive the Delivery Dashboard, setting out performance against the core performance targets the CCG is responsible for.</p> <p>At each Governing Body meeting, a report from the ICS Board (local integrated care system) is taken and presented by the Accountable Officer to report on engagement with partnerships. The CCG Chief Financial Officer also provides updates on ICS financial performance within their finance reports to the Governing Body. There is regular discussion minuted on the Barnsley Public Health and Wellbeing strategic plan.</p> <p><b>Conclusion</b></p> <p>Based on our work we have not identified any significant weaknesses.</p>



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