



Annual Audit Letter 2015-16

NHS Bolton Clinical Commissioning Group

20 July 2016

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in connection with this
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This report is addressed to NHS Bolton Clinical Commissioning Group (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 Amanda Latham, 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 2015-16 audit at NHS Bolton 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 and also provide recommendations to help the CCG improve performance where appropriate. 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 Annual 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 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 also confirm whether the CCG has complied with the requirements of the NHS Commissioning Board (NHS England) in the preparation of its Annual Governance Statement (AGS). We also confirm whether the balances you have prepared for consolidation into the Whole of Government Accounts (WGA) are not inconsistent with our other work.</p>
Value for Money conclusion	<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:

- Attendance at meetings with members of the Governing Body and Audit Committee to present our audit findings, broaden our knowledge of the CCG and to provide insight from sector developments and examples of best practice;
- A proactive and pragmatic approach to issues arising in the production of the financial statements to ensure that our opinion is delivered on time; and
- Building a 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 2015-16 was £56,250 excluding VAT (2014-15: £75,000). Our fees are set nationally by Public Sector Audit Appointments Ltd and reflect significant 25% reductions made nationally to scale fees. This was in line with the fee agreed at the start of the year with the CCG's Audit Committee.

We also completed non audit work at the CCG during the year to review the Locality Plan (£6,500 plus VAT).

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 2015-16.

Overall financial results and other key messages	<p>Financially, 2015-16 was another challenging but successful year for the CCG. The CCG met its key financial targets for 2015/16 including a £3.85m target surplus and achieved QIPP savings of £7.9m against an original target of £6.9m. This has been achieved through the delivery of the CCG's commissioning plans, running cost savings and risk management.</p> <p>Looking ahead, the CCG has submitted a financial plan for 2016/17 that meets its statutory financial duties and delivers a surplus of £4m. However, the plan does recognise a number of risks to the achievement of this position including a continuation of increased acute hospital activity and ongoing growth in costs in mental health, continuing healthcare services and prescribing. Further, the CCG recognises delivery of the planned QIPP savings for 2016/17 (£7.7m) and beyond as a key risk and an essential part of ensuring financial balance going forward. Work is underway to secure these savings including working with partners. Delivery of the financial plan and the associated cost reduction and productivity targets represents a significant challenge to the CCG.</p>
Value for Money (VFM) conclusion	<p>We concluded that the CCG has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.</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 the CGG has put in place to mitigate these risks.</p> <p>Our work did not identify any significant VFM risks.</p>
Financial Statements audit opinion	<p>We issued an unqualified opinion on the CCG's accounts on 27 May 2016. 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 adjusted or unadjusted audit differences that were identified as part of the audit.</p>

Headlines (cont.)

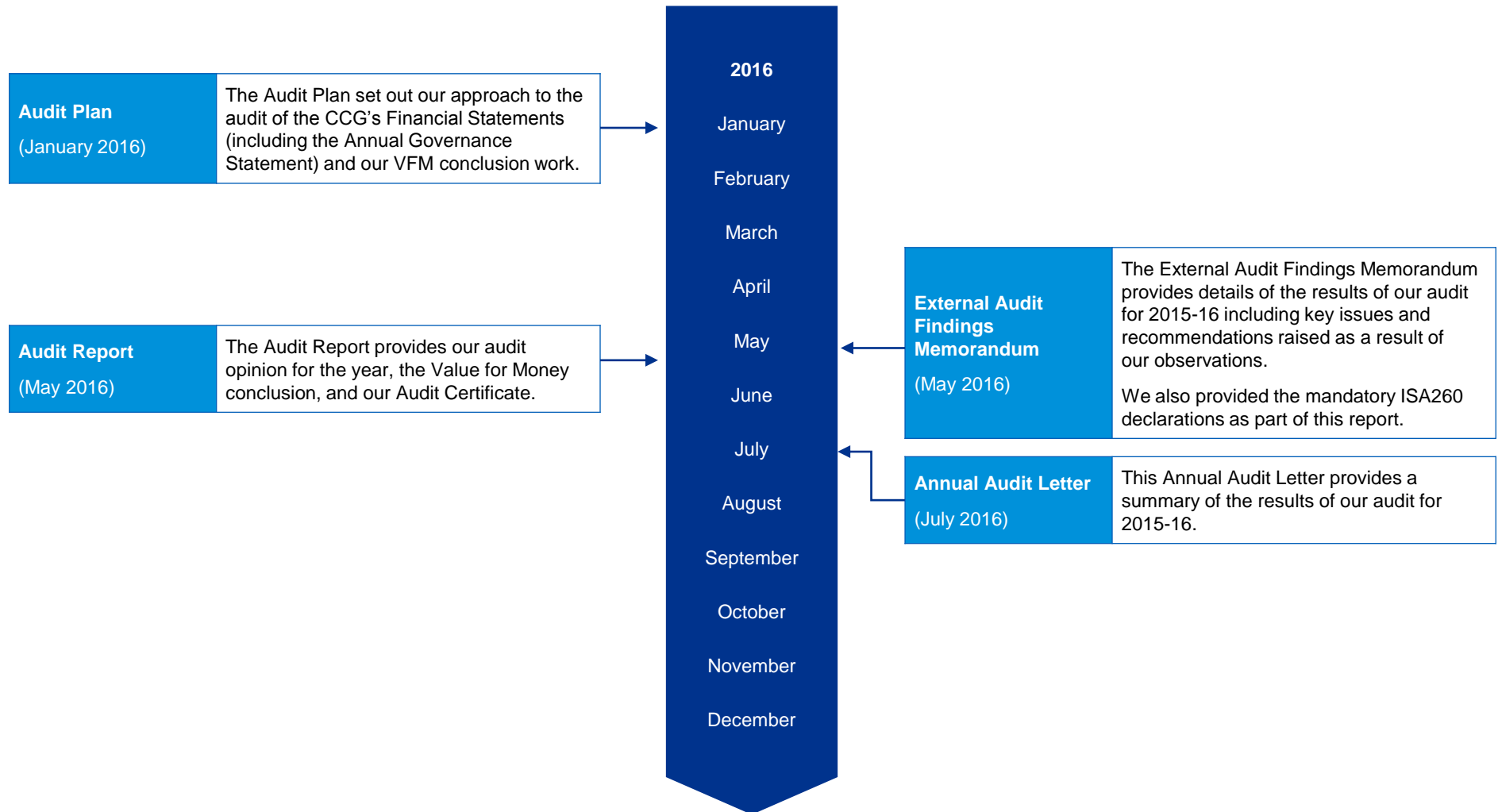
<p>Financial statements audit work undertaken</p>	<p>We are required to apply the concept of materiality in planning and performing our audit. We are required to plan our audit to determine with reasonable confidence whether or not the financial statements are free from material misstatement. An omission or misstatement is regarded as material if it would reasonably influence the user of financial statements. Our materiality for the audit was £6.6m (2014/15: £6m).</p> <p>We identified the following risk of material misstatement in the financial statements as part of our External Audit Plan 2015/16:</p> <p>Risk 1 - Accounting for the Better Care Fund.</p> <ul style="list-style-type: none"> — The Better Care Fund (BCF) came into operation on 1 April 2015 for the 2015/16 financial year, with £3.46 billion of NHS England’s funding to CCGs ring-fenced for the establishment of the fund. To administer the fund, CCGs were required to establish joint arrangements with local authorities to operate a pooled budget to deliver more integrated health and social care. — The risk was that BCF arrangements were not accounted for within CCGs accounts in accordance with MfA and accounting standards requirements. There were wider risks to both the NHS England and DH consolidated accounts if transactions and balances within the NHS were not consistently treated and recorded, and could not be properly eliminated in national consolidations. — Our audit work did not identify any significant issues with the disclosure. Some minor presentational changes were required to explain the arrangements of the fund, including the streams of activity for more transparent understanding for readers of the accounts.
<p>Regularity Opinion</p>	<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>
<p>Annual Governance Statement</p>	<p>We confirmed that the CCG complied with the NHS Commissioning Board requirements in the preparation of the CCG’s Annual Governance Statement.</p>
<p>Recommendations</p>	<p>We are pleased to report that there were no recommendations arising from our 2015-16 audit work.</p> <p>The CCG has implemented agreed audit recommendations from prior years, having identified one medium priority recommendation in 2014-15.</p>
<p>Public Interest Reporting</p>	<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 2015-16.</p>
<p>Fraud</p>	<p>We identified no fraud related matters or any key weaknesses in fraud arrangements.</p>



Appendices

Appendix A

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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