



Annual Audit Letter 2017-18

NHS Bracknell and Ascot CCG
NHS Slough CCG
NHS Windsor, Ascot and Maidenhead CCG

20 July 2018

Contents

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A. Summary of our reports issued	

This report is addressed to NHS East Berkshire 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

Introduction

Background

This Annual Audit Letter (the letter) summarises the key issues arising from our 2017-18 audits at the following CCGs: NHS Bracknell and Ascot Clinical Commissioning Group, NHS Slough Clinical Commissioning Group and NHS Windsor, Ascot and Maidenhead Clinical Commissioning Group (the CCGs), which since 1 April 2018 have merged to form NHS East Berkshire Clinical Commissioning Group. 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 provided a list of the reports we issued to the CCG during the year 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 CCGs' financial statements. That is whether we believe the financial statements give a true and fair view of the financial affairs of the CCGs 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 CCGs' use of resources.</p>

Introduction

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 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 2017-18 for each CCG was £32k (2016-17: £47k) excluding VAT. This fee was in line with the fee agreed at the start of the year with the CCGs' Audit Committee. We have not delivered any non-audit services to the CCG during the year.

Acknowledgement

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



Headlines

This section summarises the key messages from our work during 2017-18.

<p>Financial Statements audit opinion</p>	<p>We issued unqualified opinions on each of the CCGs' accounts on 25 May 2018. This means that we believe the accounts give a true and fair view of the financial affairs of each CCG and of the income and expenditure recorded during the year.</p> <p>There were no unadjusted audit differences arising from our audit, we agreed minor adjustments with management as a result of our audit which were included within the approved accounts.</p> <p>There were no significant matters which we were required to report to 'those charged with governance'.</p>
<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 audits were as follows: NHS Bracknell and Ascot CCG - £2.5m; NHS Slough CCG - £2.9m; and NHS Windsor, Ascot and Maidenhead CCG - £2.8m.</p> <p>We identified the following risks of material misstatement in the financial statements for each of the CCGs as part of our External Audit Plan 2017-18:</p> <ul style="list-style-type: none"> — Risk 1 – <i>Primary care commissioning</i> – in 2017-18 the CCGs took on delegated responsibility for the commissioning of primary care services from NHS England. We recorded a risk relating to the accuracy of recorded payments as the CCG had not previously been responsible for the management of primary care contracts. We reperformed the calculations of payments made to a sample of primary care providers to verify they had been performed consistently with national formulae for calculating the payments they were entitled to. We also identified a risk of potential conflicts of interest as a result of GPs being members of the Governing Body and having responsibility for primary care commissioning decisions. We verified that interests had been appropriately declared and mitigations set out in advance for how risks relating to potential conflicts would be managed. — Risk 2 – <i>Accuracy of year end expenditure accruals</i> – activity levels are required to be estimated at the end of the year in determining the expenditure that has been incurred on some of the CCGs' key expenditure streams. We reviewed the basis of preparation for the key year end expenditure accruals to verify they had been prepared on an appropriate basis and where invoices had been received at the time of our audit we verified the accuracy of the accrual to the final amount billed. We did not identify any exceptions as a result of our testing, though we raised a control recommendation relating to aged accruals that were held by the CCGs.
<p>Regularity Opinion</p>	<p>We are required to form a view on the regularity of the CCGs' income and expenditure i.e. that the expenditure and income included in the CCGs' 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 CCGs' 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>

Headlines

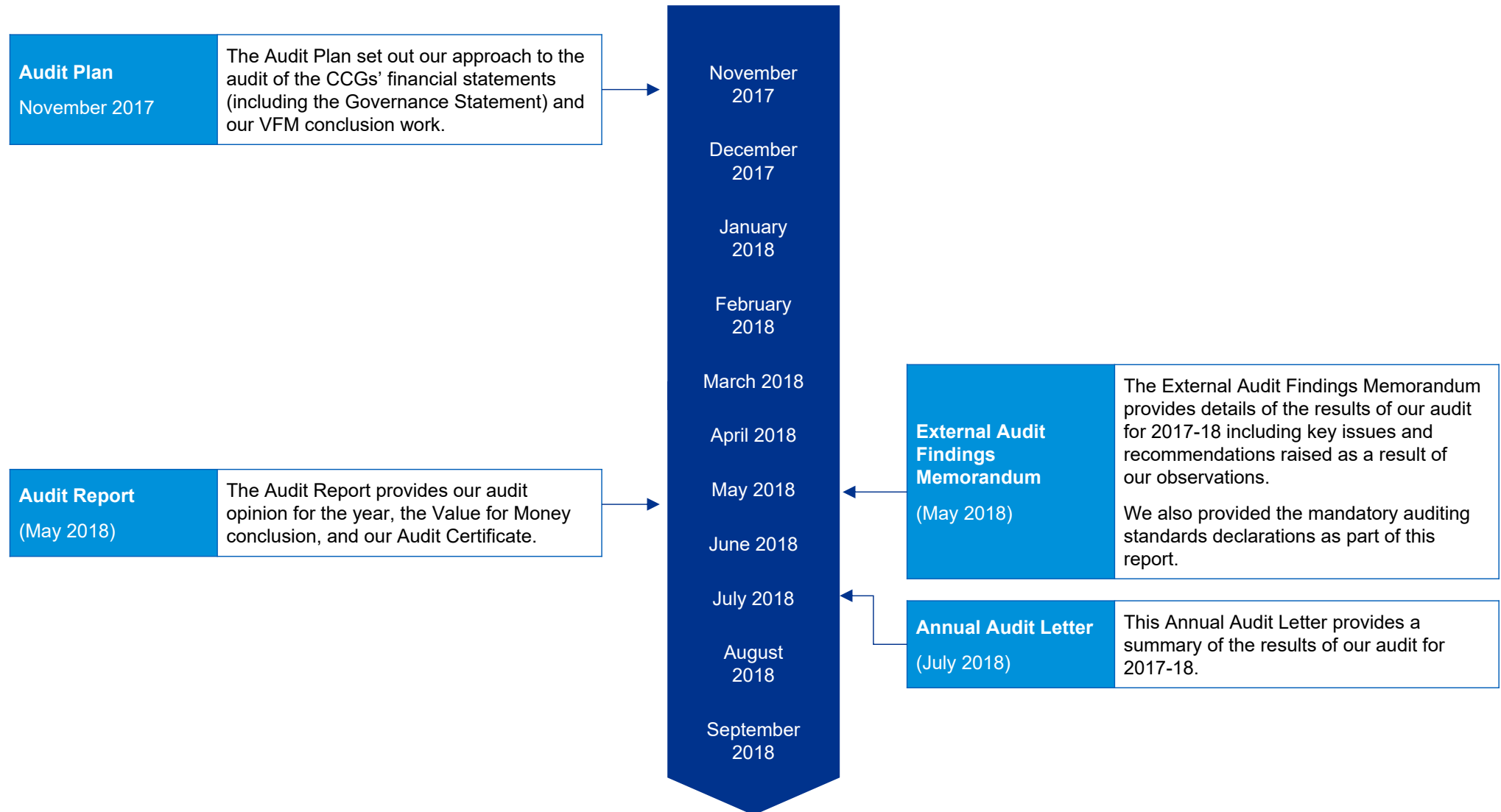
Governance Statement	We confirmed that the CCG complied with NHS England requirements in the preparation of the CCGs' Governance Statement. No significant adjustments were required to the Governance Statement.
Whole of Government Accounts	We issued an unqualified Auditor Statement on the Consolidation Schedules prepared by the CCG for consolidation into the Whole of Government Accounts. We raised one exception within the NHS Windsor, Ascot and Maidenhead return relating to a miscoding of a transaction against an incorrect organisation.
Value for Money (VFM) conclusion	We are required to report to you if we are not satisfied that the CCGs have 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.
VFM conclusion risk areas	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. We did not identify any significant risks relating to value for money at the CCGs as a result of our risk assessment.
Recommendations	We are pleased to report that there are no high risk recommendations arising from our 2017-18 audit work. We agreed three medium priority recommendations with the CCGs' management to support the effective management of financial information and to support the CCGs with taking on further responsibility for the management of primary care commissioning budgets in 2018-19.
Public Interest Reporting	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 2017-18.



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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