



Annual Audit Letter 2018-19

NHS Fylde and Wyre CCG

2 July 2019

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A. Summary of our reports issued	

This report is addressed to NHS Fylde and Wyre Clinical Commissioning Group 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 summarises the key issues arising from our 2018-19 audit at NHS Fylde and Wyre 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 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 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 2018-19 was £ 45,000 (2017-18: £45,000) excluding VAT. This fee was in line with the fee agreed at the start of the year with the CCG's Audit Committee.

Non Audit Fees Received During the year

Audit related assurance services	Mental Health Investment Standard This relates to the assurance work required over the CCG's compliance statement on the Mental Health Investment Standard. This work is anticipated to be delivered over the summer of 2019. The fee of £12,000 inclusive of VAT is the current accrual and the final fee for the work may be in excess of this figure once scoping is finalised.
Guinness World Record Invigilation	There was a non audit fee of £7,000 excluding VAT which relates to Guinness World Record Invigilation.

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 2018-19.

Financial Statements audit opinion	<p>We issued an unqualified audit opinion on the CCG's accounts on 24th May 2019. 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 are no unadjusted audit differences.</p> <p>There are no significant matters which we are required to report to those charged with governance.</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 £5.5m (2017-18: £5.1m).</p> <p>We identified the following risks of material misstatement in the financial statements as part of our External Audit Plan 2018-19:</p> <ol style="list-style-type: none">1. Agreement of secondary Health care Spending (stable) - We have obtained assurance over the completeness, existence, accuracy and valuation of the Secondary Healthcare balance in the CCG's financial statements.2. Fraud risk from management override of controls (stable)- We have not identified instances of management override of controls.
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>

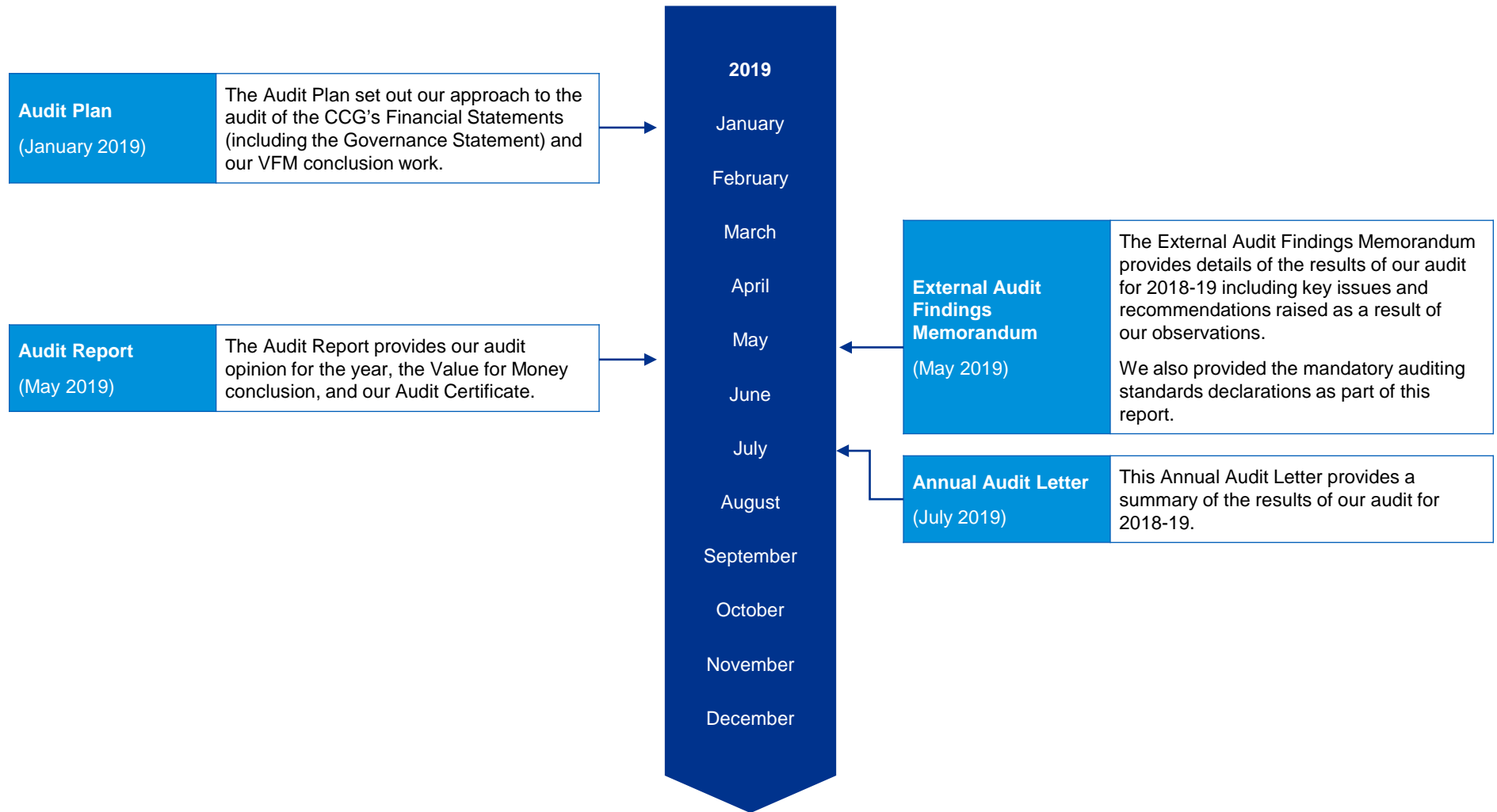
Headlines (cont.)

Governance Statement	We confirmed that the CCG complied with NHS England requirements in the preparation of the CCG's 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 with no exceptions.
Value for Money (VFM) conclusion	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.
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 the following significant risks:</p> <ul style="list-style-type: none"> • Financial Sustainability - Achievement of financial balance, whilst maintaining the quality of healthcare provision, is therefore a key risk for all NHS organisations. We obtained evidence to show the process the CCG adopted for formulating and agreeing both its 18/19 and 19/20 financial plans and how it monitors the achievement against the plan via the CCG's governance structure. We discussed and gained evidence to support that a robust process had been undertaken in forming the 18/19 plan. This includes working with other partners in the ICP to ensure that one organisation's plan does not adversely impact on the ICP and also that the CCG's plan reflects the intentions of the its main provider. Overall we obtained evidence to show the CCG has a robust process in place to set and deliver QIPP targets and that learnings from the 18/19 process have been fed into the 19/20 process. One example of this is the creation of the Operational QIPP Delivery Group. • Governance Arrangements - There is a risk that relates to the increased integration with NHS Blackpool CCG which could impact on NHS Fylde and Wyre CCG's ability to influence the governance of decisions made and its own VFM considerations. The main areas of risk relate to responsibilities that sit between the two CCGs and failure to provide appropriate reporting for joint working arrangements. We reviewed the governance arrangements in place at the end of 18/19 and the plans for implementing this further in 19/20. When we set the plan for our audit, the CCG had intended to have further developed the committees in common and joint committee structures earlier in the year. In practice there was only the March meetings of the Quality, Finance and Performance and Clinical Commissioning Committee that took place jointly with Blackpool CCG. This does not represent a significant risk to the established governance arrangements in through the period under review. As such, we do not have any concerns that the changes that have taken effect in 18/19 have impacted on the CCG's use of its resources.
Recommendations	We are pleased to report that there are no high risk recommendations arising from our 2018-19 audit work .
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 2018-19.



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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