



# Annual Audit Letter 2018-19

**NHS Bolton Clinical Commissioning Group**

September 2019

# Contents

The contacts at KPMG in connection with this report are:

**Robert Jones**

*Engagement Lead  
KPMG LLP (UK)*

Tel: + 44 161 2464637  
Mob: + 44 7799 865451  
rob.jones@kpmg.co.uk

**Gordon Haworth**

*Manager  
KPMG LLP (UK)*

Mob: +44 7557 800321  
gordon.haworth@kpmg.co.uk

**Page**

**Introduction**

3

**Headlines**

6

**Appendix**

9

Summary of our reports issued

This report is addressed to NHS Bolton 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 2018-19 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 did not identify any high risk recommendations in the financial year 2018-19. 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 the Appendix to this report.

## 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:

<b>Financial Statements including the regularity opinion and Governance Statement</b>	<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"><li>— 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;</li><li>— report by exception if the CCG has not complied with the requirements of NHS England in the preparation of its Governance Statement; and</li><li>— 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.</li></ul>
<b>Value for Money arrangements</b>	<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 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 £37,907 (2017-18: £37,907) excluding VAT. This fee was in line with the fee agreed at the start of the year with the CCG's Audit Committee.

We have also started the following piece of work at the CCG during the year:

<b>Audit related assurance services (accrued MHIS fee)</b>	<b>Mental Health Investment Standard</b> The CCG accrued £10,000 within the financial statements for work on the Mental Health Investment Standard in accordance with the funding provided in 2018/19 for the work relating to that accounting period. Following finalisation of the scope of services to be provided, the agreed fixed fee for the work is between £12,000 and £18,000.
--	--

## 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.

<b>Financial Statements audit opinion</b>	<p>We issued an unqualified opinion on the CCG's accounts in 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 were no adjusted audit differences.</p> <p>We have identified one unadjusted audit difference over our triviality limit.</p> <p>The identified difference reflects the actual prescribing costs for month 11 and 12 which were accrued by the CCG at the year end. The CCG are notified of their actual prescribing costs two months in arrears and therefore accrue the final two months of the year within the financial statements. We are satisfied the accrual was calculated on a sound and prudent basis and the adjustment reflected the then known costs.</p> <p>Taken in isolation the adjustment would not impact the CCG's ability to meet its financial duties and does not account for potential contrasting differences below our reporting threshold arising on the final outturn of other accrued expenditure.</p> <p>No adjustment is required as the difference is below our materiality threshold.</p> <p>There were no significant matters which we were required to report to those charged with governance.</p>
<b>Financial statements audit work undertaken</b>	<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 £8.3m (2017-18: £8.3).</p> <p>We identified the following risks of material misstatement in the financial statements as part of our External Audit Plan 2018-19:</p> <ul style="list-style-type: none"><li>— Accounting for co-commissioning – This identified risk was consistent with the prior year. From completion of our procedures we were satisfied that the CCG's co-commissioning expenditure is fairly stated.</li><li>— Management override of controls – Professional standards require us to assess this risk in all cases. We have not identified instances of management override of controls.</li><li>— Expenditure recognition – This was a new risk identified during the year and results of our testing were satisfactory. We considered the amount of expenditure recognised to be acceptable.</li></ul>
<b>Regularity Opinion</b>	<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>

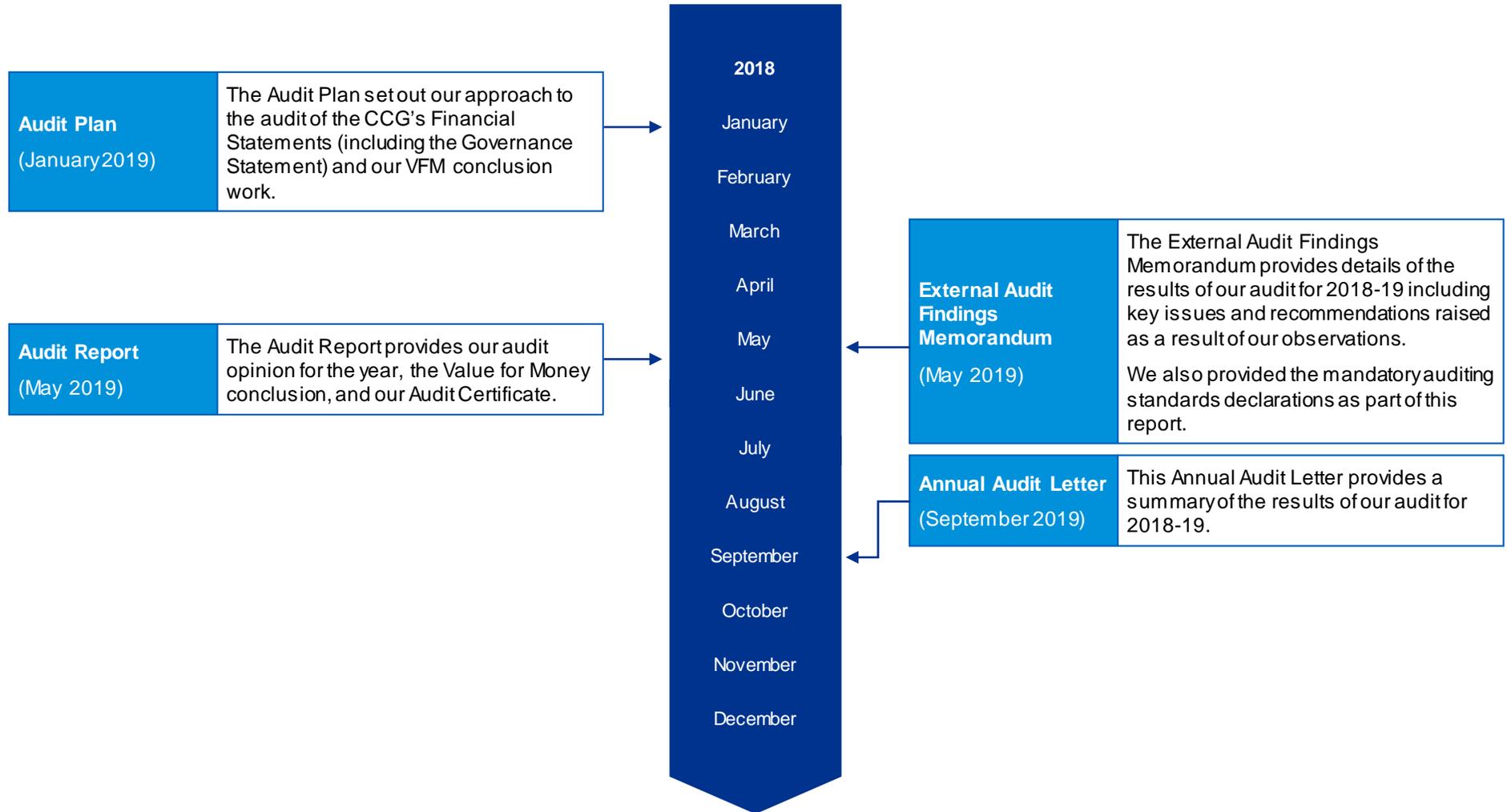
# Headlines (cont.)

<b>Governance Statement</b>	We confirmed that the CCG complied with NHS England requirements in the preparation of the CCG's Governance Statement. We had no matters to raise in respect of the Annual Report and Annual Governance Statement.
<b>Whole of Government Accounts</b>	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.
<b>Value for Money (VFM) conclusion</b>	We are 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.
<b>VFM conclusion risk areas</b>	<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>We did not identify any significant value for money risks from the completion of our risk assessment.</p> <p>As part of our risk assessment we reviewed various matters, including:</p> <ul style="list-style-type: none"> <li>• 2019/20 financial plan</li> <li>• Recurrent cost improvement schemes, both identified and delivered</li> <li>• Current operational performance and provider relationships / contractual risks,</li> <li>• 2018/19 planned vs actual outturn.</li> <li>• Management's assessment of the CCG's ability to continue as a going concern, and</li> <li>• partnership arrangements / relationships with key third parties.</li> </ul> <p>We did not identify any significant risks as part of our work and anticipate issuing a clean opinion.</p>
<b>Recommendations</b>	<p>We are pleased to report that there are no high risk recommendations arising from our 2018-19 audit work.</p> <p>There were no prior year recommendations outstanding requiring action in the year.</p>
<b>Public Interest Reporting</b>	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.



# Appendix

# 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.

© 2019 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International. | Create Graphics: CRT061249A