



# Annual Audit Letter 2015-16

**NHS North East Lincolnshire  
Clinical Commissioning Group**

July 2016

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This report is addressed to NHS North East Lincolnshire 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.

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 John Prentice 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](mailto: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](mailto: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 North East Lincolnshire 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 would also include recommendations for improvement if required.. 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:

<b>Financial statements including the regularity opinion and Annual 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 form a view on the regularity of the CCG's income and expenditure. That is whether the expenditure and income included in the CCG's financial statements have 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 in the preparation of its Annual Governance Statement (AGS).</p>
<b>Value for Money conclusion</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 to provide insight from 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; 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 £46,500 excluding VAT (2014-15: £61,500). Our fees are set by the Public Sector Audit Appointments Ltd and reflect significant reductions made nationally to scale fees (25% reductions for CCGs from 2014-15) and included a scale fee adjustment of £1,500 in both years to take account of the additional work required from the partnership arrangements with North East Lincolnshire Council.

The fee for the audit was in line with the fee agreed at the start of the year with the CCG's Audit Committee.

## Acknowledgement

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



# Headlines

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This section summarises the key messages from our work during 2015-16.

<b>Financial statements audit opinion</b>	<p>We issued an unqualified opinion on the CCG's financial statements on 26 May 2016. This means that 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>Through our audit, we agreed a small number of minor audit adjustments and presentational changes to the financial statements with Management and these were actioned in the final version of the financial statements. None of these adjustments were material.</p> <p>There were no significant matters which we were required to report to 'those charged with governance'.</p>
<b>Value for Money (VFM) conclusion</b>	<p>We concluded that the CCG has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.</p>
<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 the CCG has put in place to mitigate these risks.</p> <p>We considered the outcomes of relevant regulatory reviews (NHS England, CQC, etc.) in reaching our conclusion.</p> <p>The CCG is held to account by NHS England through the CCG Assurance Framework for key NHS targets and there were no regulatory matters that adversely impact on our VFM conclusion responsibilities.</p>
<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 have 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>
<b>Annual Governance Statement</b>	<p>We confirmed that the CCG complied with the NHS Commissioning Board requirements in the preparation of the CCG's Annual Governance Statement.</p>
<b>Recommendations</b>	<p>We are pleased to report that there are no recommendations arising from our 2015-16 audit work and that the CCG has appropriately implemented agreed audit recommendations from prior years.</p>
<b>Public Interest Reporting</b>	<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>

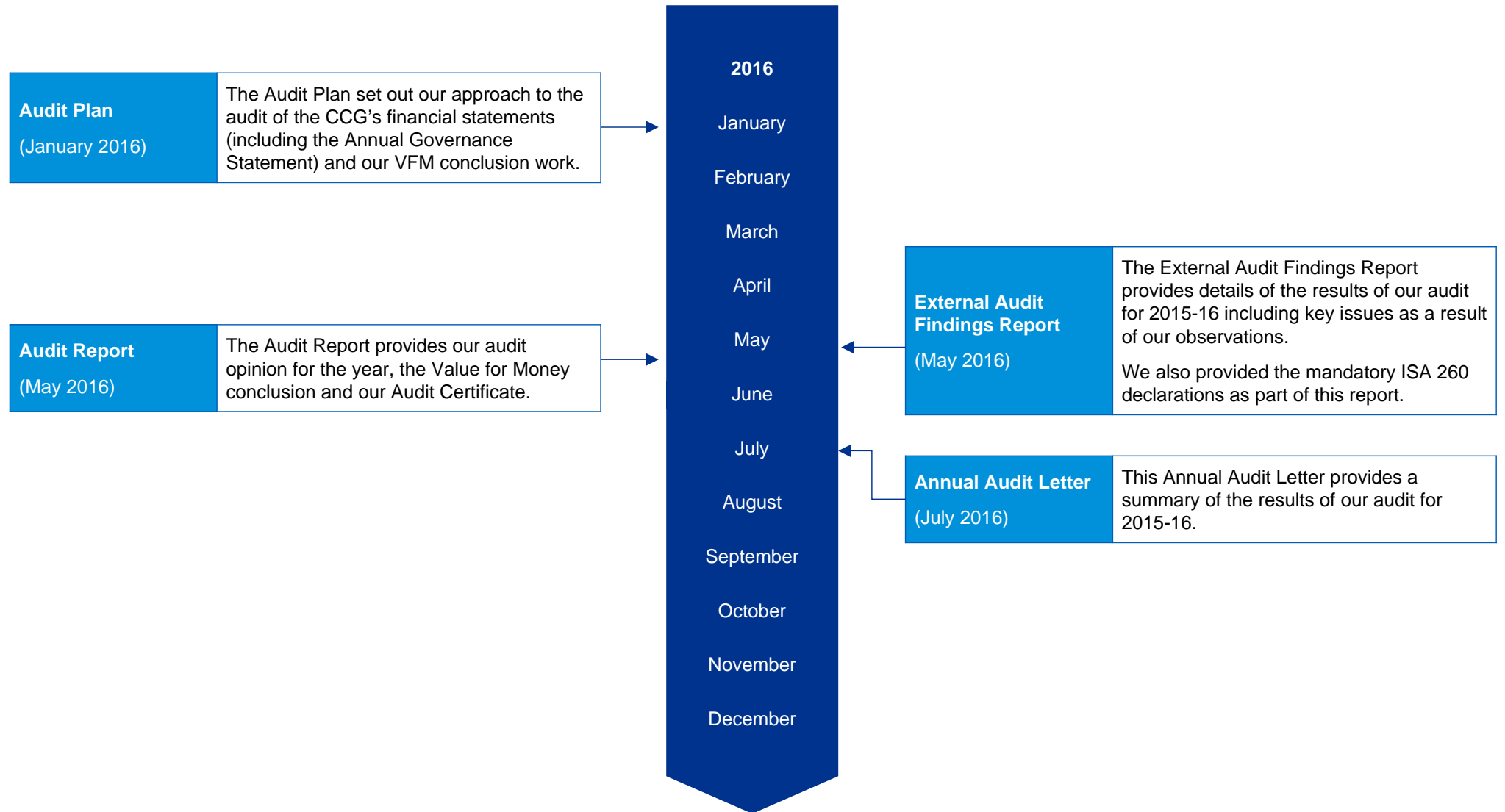


# Appendices



## 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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