



Annual Audit Letter 2019/20

NHS Wakefield Clinical Commissioning Group

2 July 2020

Contents

The contacts at KPMG in connection with this report are:

Rob Jones

*Engagement Lead
KPMG LLP (UK)*

Tel: +44 (0)79799 865451

Email: rob.jones@kpmg.co.uk

Rachel Pearson

*Manager
KPMG LLP (UK)*

Tel: + 44 (0)7930 102265

Email:

rachel.pearson@kpmg.co.uk

Page

Introduction

3

Headlines

4

Appendices

6

A. Summary of our reports issued

This report is addressed to NHS Wakefield 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

Background

This Annual Audit Letter (the letter) summarises the key issues arising from our 2019/20 audit at NHS Wakefield 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 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. We report by exception if the CCG has not complied with the requirements of NHS England in the preparation of its Governance Statement. We also 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.</p>
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>

Fees

Our fee for 2019/20 was £36,370 (2018/19: £36,370) excluding VAT. This fee 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

This section summarises the key messages from our work during 2019/20:

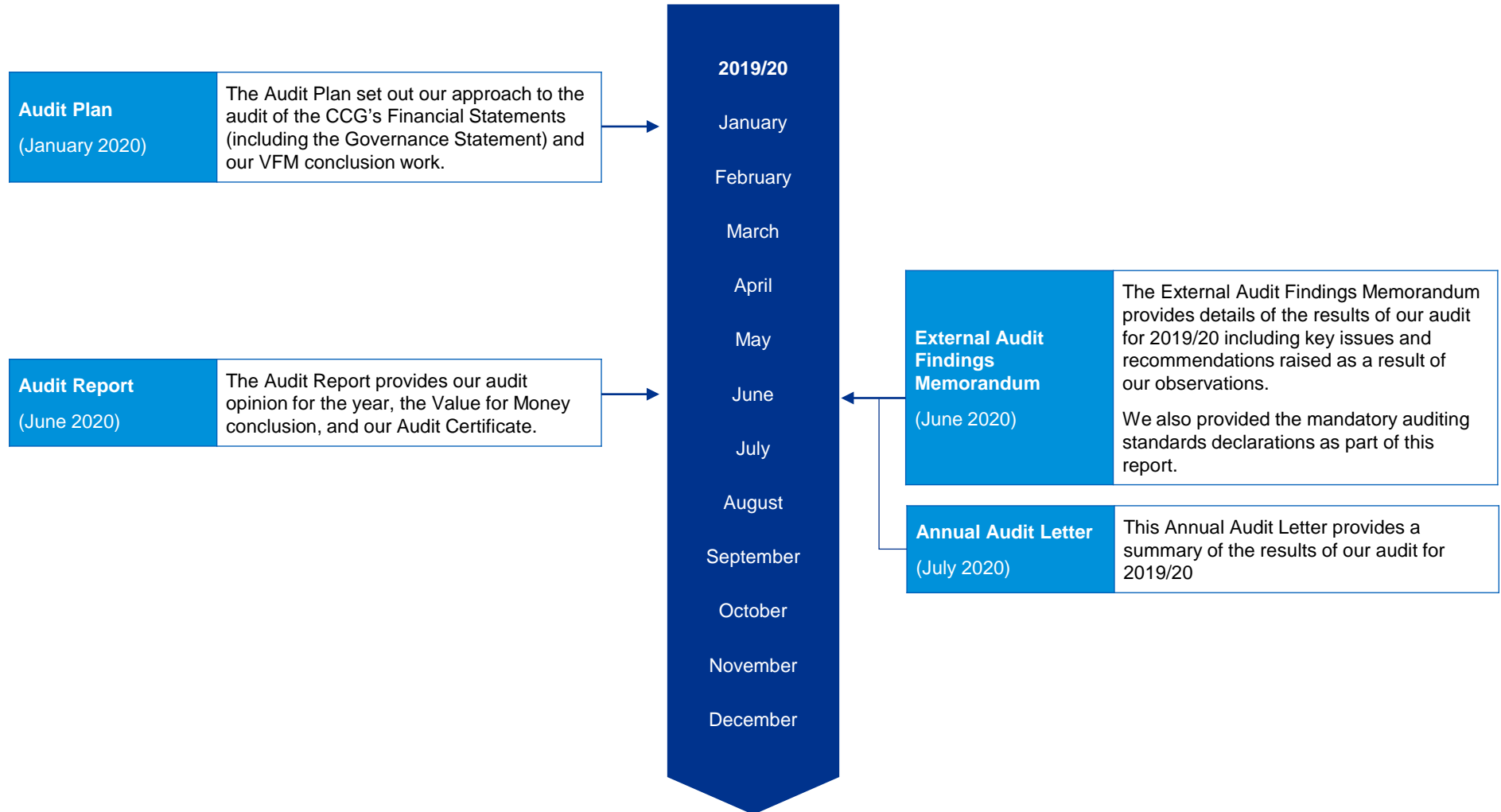
<p>Financial Statements audit opinion</p>	<p>We issued an unqualified opinion on the CCG’s accounts on 24th June 2020. This means that we believe the accounts give a true and fair view of the financial affairs of the CCG and of the income and expenditure recorded during the year.</p> <p>We have identified one unadjusted audit difference in relation to Prescribing costs. The year-end accrual for March 2020 was £10,324,080 while the actual Prescribing cost was £10,795,137. This resulted in an under accrual of £470k which has been attributed to an increase in repeat prescription requests due to COVID19.</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 audit was £10,700,000 (2018/19: £10,100,000).</p> <p>We identified the following risks of material misstatement in the financial statements as part of our External Audit Plan 2019/20:</p> <ul style="list-style-type: none"> – Fraudulent expenditure recognition around cut-off. In the public sector, auditors also consider the risk that material misstatements due to fraudulent financial reporting may arise from the manipulation of expenditure recognition (for instance by deferring expenditure to a later period). This may arise due to the audited body manipulating expenditure around cut-off to meet externally set targets. Our review of the heightened risk of fraudulent expenditure recognition focus on non-pay operating expenses, particularly on healthcare contracts, ensuring completeness over expenditure at year end. No issues were identified during our audit work. – Management override of controls. Professional standards communicate the fraud risk from management override of controls as significant. Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. No issues were identified during our audit work.
<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>Governance Statement</p>	<p>We confirmed that the CCG complied with NHS England requirements in the preparation of the CCG’s Governance Statement.</p>

Headlines (cont.)

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	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. No significant risks were identified in relation to VFM. The impact of COVID19 on our VFM opinion – given the impact of this was mainly limited to the final two weeks of the financial year, it did not have a significant impact on our VFM opinion for 2019/20.
Recommendations	We are pleased to report that there are no risk recommendations arising from our 2019/20 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 2019/20.

Appendix B

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.

© 2020 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