



# Auditor's Annual Report 2021/22

**NHS Bassetlaw Clinical Commissioning  
Group**

July 2022

## Key contacts

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This report is addressed to NHS Bassetlaw 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

This Auditor’s Annual Report provides a summary of the findings and key issues arising from our 2021-22 audit of NHS Bassetlaw CCG (the ‘CCG’). This report has been prepared in line with the requirements set out in the Code of Audit Practice published by the National Audit Office and is required to be published by the CCG alongside the annual report and accounts.

## Our responsibilities

The statutory responsibilities and powers of appointed auditors are set out in the Local Audit and Accountability Act 2014. In line with this we provide conclusions on the following matters:

- **Accounts** - We provide an opinion as to whether the accounts give a true and fair view of the financial position of the CCG and of its income and expenditure during the year. We confirm whether the accounts have been prepared in line with the Group Accounting Manual prepared by the Department of Health and Social Care (DHSC).
- **Annual report** - We assess whether the annual report is consistent with our knowledge of the CCG. We perform testing of certain figures labelled in the remuneration report.
- **Value for money** - We assess the arrangements in place for securing economy, efficiency and effectiveness (value for money) in the CCG’s use of resources and provide a summary of our findings in the commentary in this report. We are required to report if we have identified any significant weaknesses as a result of this work.
- **Regularity** - We assess whether expenditure incurred is in line with the purposes for which it was provided.
- **Other reporting** - We may issue other reports where we determine that this is necessary in the public interest under the Local Audit and Accountability Act.

## Findings

We have set out below a summary of the conclusions that we provided in respect of our responsibilities.

<b>Accounts</b>	<p>We issued an unqualified opinion on the CCG’s accounts on 21 June 2022. This means that we believe the accounts give a true and fair view of the financial performance and position of the CCG.</p> <p>We have provided further details of the key risks we identified and our response on page four.</p>
<b>Annual report</b>	<p>We did not identify any significant inconsistencies between the content of the annual report and our knowledge of the CCG.</p> <p>We confirmed that the Governance Statement had been prepared in line with the DHSC requirements.</p>
<b>Value for money</b>	<p>We are required to report if we identify any matters that indicate the CCG does not have sufficient arrangements to achieve value for money.</p> <p>We have nothing to report in this regard.</p>
<b>Regularity</b>	<p>We did not identify any matters where irregular expenditure had been incurred.</p>
<b>Other reporting</b>	<p>We did not consider it necessary to issue any other reports in the public interest.</p>

# Accounts audit

The table below summarises the key risks that we identified to our audit opinion as part of our risk assessment and how we responded to these through our audit.

Risk	Findings
<p><b><i>Fraudulent expenditure recognition</i></b></p> <p>Professional standards require us to consider whether there is a significant risk of fraud due to expenditure being recognised in an incorrect period. We considered this is most likely to occur through not completely recording accruals or through reducing the value accrued from the cost of the services.</p>	<p>We have not identified audit misstatements or control deficiencies as a result of our work in response to this risk.</p> <p>We did not raise any recommendations relating to this risk.</p>
<p><b><i>Management override of controls</i></b></p> <p>We are required by auditing standards to recognise the risk that management may use their authority to override the usual control environment.</p>	<p>We did not identify any material misstatements relating to this risk.</p> <p>We have raised one low level recommendation relating to management having the ability to post a journal to make an adjustment with no independent documented review.</p> <p>We did not find any instances of this happening in practice and management have acted to strengthen controls in this area during the year.</p>

# Value for money

## Introduction

We consider whether there are sufficient arrangements in place for the CCG for each of the elements that make up value for money. Value for money relates to ensuring that resources are used efficiently in order to maximise the outcomes that can be achieved.

We undertake risk assessment procedures in order to assess whether there are any risks that value for money is not being achieved. This is prepared by considering the findings from other regulators and auditors, records from the organisation and performing procedures to assess the design of key systems at the organisation that give assurance over value for money.

Where a significant risk is identified we perform further procedures in order to consider whether there are significant weaknesses in the processes in place to achieve value for money.

Further details of our value for money responsibilities can be found in the Audit Code of Practice at [Code of Audit Practice \(nao.org.uk\)](http://nao.org.uk)

## Matters that informed our risk assessment

The table below provides a summary of the external sources of evidence that were utilised in forming our risk assessment as to whether there were significant risks that value for money was not being achieved:

<b>NHS system oversight framework</b>	Segment 2 - Plans that have the support of system partners in place to address areas of challenge. Note this is the default segment for an ICB under the new framework and was most recently updated in July 2022.
<b>Governance statement</b>	There were no significant control issues identified in the governance statement.
<b>Head of Internal Audit opinion</b>	Significant Assurance

## Commentary on arrangements

We have set out on the following pages commentary on how the arrangements in place at the CCG compared to the expected systems that would be in place in the sector.

## Summary of findings

We have set out in the table below the outcomes from our procedures against each of the domains of value for money:

Domain	Risk assessment	Summary of arrangements
<b>Financial sustainability</b>	One significant risk identified	No significant weaknesses identified
<b>Governance</b>	One significant risk identified	No significant weaknesses identified
<b>Improving economy, efficiency and effectiveness</b>	No significant risk identified	No significant weaknesses identified

We confirm that we identified no significant weaknesses to be included within our value for money report.

We identified one significant risk at the planning stage which related to the financial sustainability domain and one in regard to the governance domain. We have set out on the following pages the work performed in response to these risks and a summary of our findings.

Financial sustainability	
Description	Commentary on arrangements
<p>This relates to ensuring that the CCG has sufficient arrangements in place to be able to continue to provide its services within the resources available to it.</p> <p>We considered the following areas as part of assessing whether sufficient arrangements were in place:</p> <ul style="list-style-type: none"> <li>▪ How the CCG sets its financial plans to ensure services can continue to be delivered;</li> <li>▪ How financial performance is monitored and actions identified where it is behind plan; and</li> <li>▪ How financial risks are identified and actions to manage risks implemented.</li> </ul>	<p>During the year, we considered the process to finalise the 2021-22 financial plan for both the CCG and the ICS. The CCG approved its financial plan for H1 (Half-Year 1) at the Governing Body meeting in May 2021, having reviewed a draft financial plan in March 2021. The ICS financial plan was submitted to NHS England on 6 May 2021. As financial planning guidance was issued for the second part of 2021-22 and for the initial planning for 2022-23 the CCG worked with system partners to develop an initial response and report the position to the Governing Body and relevant sub Committee.</p> <p>We found that budget monitoring and reporting is in place within the CCG, with regular meetings in place with budget holders to review the financial position. Finance reports are presented at each Governing Body meeting which contain sufficient detail to allow effective decision making at committee level. The CCG had identified the key risks to financial resilience and these were appropriately managed. Within the risk register, individual risks are recorded and described and risk management is linked to financial sustainability and linked through to operational and workforce plans.</p> <p>At each stage of the required planning processes detailed papers were prepared outlining the position for the CCG and the wider system to enable decisions to be taken based on the available information. The Governing body have been kept up to date with the issues considered as part of the CCG moving from the South Yorkshire system to the Nottinghamshire one – with financial plans making clear areas of risk or uncertainty.</p> <p>We noted the Nottinghamshire ICS have provided a financial recovery programme which provided a clear summary of the key assumptions underpinning the plans to manage the 2022-23 financial position and support the delivery of recurrent financial balance. We also noted the consideration of the risks within the financial plan and the response of developing robust and detailing monitoring as part of the financial recovery programme. Therefore, demonstrating the system has begun to respond to the identified challenges.</p> <p>The CCG have maintained financial planning as a key risk on the GBAF. Initial work has been undertaken as part of the wider ICS to understand the historical context and agree a risk appetite and vision, with the aim of developing a strategy aligned to the operational and serviced strategy within the next 12 months.</p> <p>As a result of our work, we have not identified a significant weakness in the arrangements to deliver financial sustainability in the year.</p>

Governance	
Description	Commentary on arrangements
<p>This relates to the arrangements in place for overseeing the CCG's performance, identifying risks to achievement of its objectives and taking key decisions.</p> <p>We considered the following areas as part of assessing whether sufficient arrangements were in place:</p> <ul style="list-style-type: none"> <li>Processes for the identification and management of strategic risks;</li> <li>Decision making framework for assessing strategic decisions;</li> <li>Processes for ensuring compliance with laws and regulations;</li> <li>How controls in key areas are monitored to ensure they are working effectively.</li> </ul>	<p>We consider the CCG to have effective processes in place to monitor and assess risk. The CCG have a risk management strategy and framework outlining the approach to risk across the CCG. Strategic risks and associated threats are recorded and identified using the Governing Body Assurance Framework (GBAF), which is updated and reported to the Governing Body on a bi-annual basis, with a corporate risk report taken to the Governing Body each month summarising all major risks currently on the risk register. Our review of the risk register and GBAF found they are sufficiently detailed to effectively manage key risks. Gaps in control are highlighted and an action plan detailed to move each risk to a tolerable level. Each operational risk is assigned to a relevant Governing Body committee, with extracts of the corporate risk registers reported on a regular basis.</p> <p>The CCG have a dedicated counter fraud service provided by 360 Assurance. The LCFS has an agreed work plan and reports progress to each Audit Committee, with an annual report taken at the end of the year. This resource is supplemented via consideration of fraud by the Audit Committee and senior finance staff whilst preparing the financial statements. The CCG have an Internal Audit service provided by 360 Assurance.</p> <p>We have confirmed that policies are in place and in date, for completing declarations of interest and for gifts and hospitality. We have requested the staff code of conduct for review. The Audit Committee has overall responsibility for monitoring compliance with laws and regulations, including progress against regulatory data/ targets.</p> <p>We reviewed the arrangements in place to response to the ICS boundary change and ICB establishment. For both elements of this change we confirmed that local arrangements had been put into place to ensure that the CCG remains legally constituted and able to operate effectively during the extended preparatory period, by working collaboratively with NHS Nottingham and Nottinghamshire colleagues. We reviewed the high level transition timeline and shadow operating arrangements which details the dates for CCG governance closedown and the establishment of the ICS and ICG governance arrangements.</p> <p>We also reviewed the CCG overarching due diligence plan (and reporting of progress of the plan during the period) which evidences the relevant planning for developing processes to identify and management risks, as well as ensuring that there are necessary controls to prevent and detect fraud. We have also obtained evidence of consideration of risks regarding the transition being included on the GBAF and discussed and challenged at relevant sub Committees of the Governing body.</p> <p>Based on the findings above we have not identified a significant weakness in the CCG's arrangements in this domain.</p>

## Improving economy, efficiency and effectiveness

Description	Commentary on arrangements
<p>This relates to how the CCG seeks to improve its systems so that it can deliver more for the resources that are available to it.</p> <p>We considered the following areas as part of assessing whether sufficient arrangements were in place:</p> <ul style="list-style-type: none"> <li>▪ The planning and delivery of efficiency plans to achieve savings in how services are delivered;</li> <li>▪ The use of benchmarking information to identify areas where services could be delivered more effectively;</li> <li>▪ Monitoring of non-financial performance to assess whether objectives are being achieved; and</li> <li>▪ Management of partners and subcontractors.</li> </ul>	<p>Covid-19 has had a significant impact on the finance regime in place during the year, with the temporary regime introduced in the prior year broadly continued. As part of this, there was national guidance to reduce savings requirements to enable the CCGs to continue to focus on the response to Covid and recovery of services. Limited CCG savings leads to pressures in areas of direct control e.g. Primary Care, CHC, Prescribing. This contributes towards conditions that gave rise to significant risk noted within the financial sustainability domain.</p> <p>The identification of efficiency schemes is an ongoing process. All staff within the CCG are encouraged to suggest schemes and there is a clear process for approval. Discussions are held at Internal Efficiency Meeting to review the proposed schemes and to address any shortfalls as part of the planning process. The CCG achieved the required level of savings however elements were non-recurrent. Reporting on the progress of efficiency schemes was undertaken on a regular basis to the Governing Body and was in sufficient detail to enable oversight.</p> <p>Due to the payment mechanisms in place due to the pandemic the CCG has not held traditional contract management discussions with providers. Regular performance reviews have taken place to ensure the maximum possible capacity in these settings is used, with regular reporting being reviewed and responded to accordingly. Performance review meetings have taken place for the key providers commissioned by the CCG, with escalated performance reviews taking place for providers where concerns had been raised by the CQC. The CCG uses benchmarking to compares costs with other CCGs in areas such as prescribing costs.</p> <p>A regular update on the financial position of the ICS was presented as part of the monthly financial reporting to Governing Body. During the period the CCG moved towards aspects of shared governance with Nottingham and Nottinghamshire CCG, including senior roles, to prepare for the proposed merger of CCGs to create the ICB. The CCG had senior engagement both as part of the ICS, and with local providers, and worked with partners to address key issues as they arise.</p> <p>Based on the risk assessment procedures performed we did not identified any additional significant risk associated with the arrangements for improving economy, efficiency and effectiveness.</p>





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