

**NHS DORSET CLINICAL COMMISSIONING GROUP
GOVERNING BODY SPECIAL MEETING
REVIEW OF FINANCIAL STATEMENTS**

Date of the meeting	24/05/2017
Author	A Gladwell, Assistant Director of Finance
Purpose of Report	In accordance with the National Health Service Act 2006 the Clinical Commissioning Group has prepared financial statements for the year ended 31 March 2017.
Recommendation	The Governing Body is asked to approve the Financial Statements for the year ended 31 March 2017. <i>Please review and raise queries in advance of the Audit and Quality meeting, so that officers of the CCG can respond on any questions of detail before that date.</i>
Stakeholder Engagement	Audit Committee, CCG management, external audit.
Previous GB / Committee/s, Dates	12 April 2017 – Audit and Quality Committee.

Monitoring and Assurance Summary

This report links to the following Strategic Principles	<ul style="list-style-type: none"> Sustainable healthcare services 		
	Yes [e.g. ✓]	Any action required?	
		Yes Detail in report	No
All three Domains of Quality (Safety, Quality, Patient Experience)	✓		✓
Board Assurance Framework Risk Register	✓		✓
Budgetary Impact	✓		✓
Legal/Regulatory	✓	✓	
People/Staff	✓		✓
Financial/Value for Money/Sustainability	✓		✓
Information Management & Technology	✓		✓
Equality Impact Assessment	✓		✓
Freedom of Information	✓		✓
I confirm that I have considered the implications of this report on each of the matters above, as indicated	✓		

Initials: AG

1. Introduction

- 1.1 The Clinical Commissioning Group has prepared financial statements for the year ended 31 March 2017, in accordance with the National Health Services Act 2006.
- 1.2 In preparing the financial statements, the Accountable Officer (Chief Officer) is required to comply with the Group Accounting Manual (GAM) issued by the Department of Health and in particular:
- Observe the Accounts Direction issued by NHS England, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
 - Make judgements and estimates on a reasonable basis;
 - State whether applicable accounting standards as set out in the GAM have been followed, and disclose and explain any material departures in the financial statements; and
 - Prepare the financial statements on a going concern basis.

2. Report

- 2.1 The draft financial statements were submitted to NHS England in accordance with the timetable set by NHS England on the 25 April 2017.
- 2.2 The performance notes to the financial statements are included below:
- 2.3 **Financial Performance Targets**
- 2.3.1 **Performance against financial duties:**

	Target £'000	Performance £'000
Expenditure not to exceed income	(17,698)	(28,808)
Capital resource use does not exceed the amount specified in the Directions	685	685
Revenue resource use does not exceed the amount specified in Directions	1,161,142	1,132,337
Revenue administration resource use does not exceed the amount specified in Directions	16,833	16,311

2.3.2 Better payment practice code

Measure of Compliance	2015-16	
	Number	£000
Non-NHS Payables		
Total Non-NHS trade invoices paid in the year	30,114	269,897
Total Non-NHS trade invoices paid within target	<u>29,513</u>	<u>265,001</u>
Percentage of Non-NHS trade invoices paid within target	98.00%	98.19%
NHS Payables		
Total NHS trade invoices paid in the year	4,181	741,757
Total NHS trade invoices paid within target	<u>4,129</u>	<u>739,856</u>
Percentage of NHS trade invoices paid within target	98.76%	99.74%

2.4 System Risk Reserve

- 2.4.1 As set out in the 2016/17 NHS Planning Guidance, CCGs were required to hold a 1 percent reserve uncommitted from the start of the year, created by setting aside the monies that CCGs were otherwise required to spend non-recurrently. This was intended to be released for investment in Five Year Forward View transformation priorities to the extent that evidence emerged of risks not arising or being effectively mitigated through other means.
- 2.4.2 In the event, the national position across the provider sector has been such that NHS England has been unable to allow CCGs' 1% non-recurrent monies to be spent. Therefore, to comply with this requirement, NHS Dorset CCG has released its 1% reserve to the bottom line, resulting in an additional surplus for the year of £11.1m. This additional surplus will be carried forward for drawdown in future years.

2.5 Critical Accounting Judgements

- 2.5.1 A provision has been made against applications for continuing healthcare support where a panel has not yet met to determine whether the application is approved. The provision is calculated on a named basis for the period that continuing healthcare may be eligible, at the probability rate of the application being awarded:

	Provision arising during the year £	Probability %
Retro cases	1,911,266	58%
Appeal cases	<u>620,922</u>	17%
	<u>2,532,188</u>	

2.6 Going Concern and Fraud Checklists

2.6.1 The accounts have been prepared on a going concern basis. A review of the factors affecting going concern is included at Appendix 2, which has been shared with external audit for information.

2.6.2 A review has also been completed of fraud risk, and this is included at Appendix 3.

2.6.3 Management responses to the auditors are shown in Appendix 4.

3. Conclusion

3.1 The external audit of the Financial Statements for the year ended 31 March 2017 has commenced.

3.2 The Audit and Quality Committee is requested to review the content of these financial statements as part of the committee's terms of reference.

Author's name and Title Andrew Gladwell, Assistant Director of Finance
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Date : 15 May 2017
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APPENDICES	
Appendix 1	Financial Statements for the year ended 31 March 2017
Appendix 2	Going Concern Checklist prepared by management
Appendix 3	Fraud Checklist prepared by management
Appendix 4	Responses from Management