

Responses from Management:

Auditor question	Response
What do you regard as the key events or issues that will have a significant impact on the financial statements for 2018/19?	Key in 2018/19 has been the significant increase in expenditure in Personal Health Commissioning (PHC) (which includes Continuing Health Care), due to increasing care package costs, inappropriate demand on the funded out of hospital pathway and activity growth. A transformation project has commenced, the scope of which is to review and optimise processes in CHC and wider personalised health commissioning activities with a focus on delivery of savings arising from Quality, Innovation, Productivity and Prevention (QIPP).
Have you considered the appropriateness of the accounting policies adopted by the CCG? Have there been any events or transactions that may cause you to change or adopt new accounting policies?	Adoption of the following standards need to be factored in: IFRS 9 – Financial Instruments IFRS 15 – Revenue from Contracts with Customers
Are you aware of any changes to the CCG's regulatory environment that may have a significant impact on the CCG's financial statements?	No – requirements under IFRS 9 & IFRS 15 have, respectively, minimal and no impact on the CCG's financial statements.
How would you assess the quality of the CCG's internal control processes?	The internal audit report Compliance Review of Financial Controls found “substantial assurance”.
How would you assess the process for reviewing the effectiveness of internal control?	Independent internal audit service (BDO), with significant NHS experience.
How do the CCG's risk management processes link to financial reporting?	The report to Governing Body papers includes a specific reference to risk.
How would you assess the CCG's arrangements for identifying and responding to the risk of fraud?	Good levels of fraud awareness amongst staff, which is included in mandatory training. Good levels of management engagement with LCFS in majority of cases. Good executive / non-exec support particularly from CFO and Chair of A&Q.
What has been the outcome of these arrangements so far this year?	A number of referrals have been made or are being investigated, with progress reported via CFO and A&Q. Reports with recommendations are provided to the CCG on completion of investigations. Recoveries achieved, ongoing losses prevented.

What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?	CHC, including FNC & PHB, drugs budget, non-purchase order expenditure and invoicing, asseting / stock control of equipment, non-disclosure of conflict of interests, agency timesheets.
Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?	In 2018/19 5 people have formally engaged with the CCG's Freedom To Speak Up Guardian; one re safety and quality, three re attitudes and behaviours and one re policy, procedures and processes. One of these led to an investigation, two required some local discussion within the CCG and two were for advice only.
Have any reports been made under the Bribery Act?	No
As a management team, how do you communicate risk issues (including fraud) to those charged with governance?	Regular risk reports to Audit and Quality Committee, with Governing Body receiving reports of severe rated risks.
As a management team, how do you communicate to staff and employees your views on business practices and ethical behaviour?	The CCG has adopted a common set of values, which are assessed as part of the annual appraisal process.
What are your policies and procedures for identifying, assessing and accounting for litigation and claims?	Losses and claims are reported on an annual basis to the Audit and Quality Committee. Any such payments would have to be approved in accordance with Standing Financial Instructions.
Is there any use of financial instruments, including derivatives?	No
Are you aware of any significant transaction outside the normal course of business?	No
Are you aware of any changes in circumstances that would lead to impairment of non-current assets?	No
Are you aware of any guarantee contracts?	No
Are you aware of allegations of fraud, errors, or other irregularities during the period?	No, other than the reports through the Counter Fraud service. There has been a focus on personal health budgets (PHB), which has resulted in some process changes. The issues highlighted would not be considered material.
Are you aware of any instances of non-compliance with laws or regulations or is the CCG on notice of any such possible instances of non-compliance?	No

Have there been any examinations, investigations or inquiries by any licensing or authorising bodies or the tax and customs authorities?	HMRC are engaged in a compliance check into the CCG. All requested information has been provided and the CCG is now waiting on any further queries.
Are you aware of any transactions, events and conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement?	Yes, but only in regards to continuing healthcare.
Where the financial statements include amounts based on significant estimates, how have the accounting estimates been made, what is the nature of the data used, and the degree of estimate uncertainty inherent in the estimate?	For continuing healthcare (CHC) business as usual appeal and retrospective claims, the conversion rate applied has been based on relevant period data for the CCG.
Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements?	No
Has the management team carried out an assessment of the going concern basis for preparing the financial statements? What was the outcome of that assessment?	Yes – see attached
Although the public sector interpretation of IAS1 means that unless NHS services are being transferred out of the public sector then the financial services should be prepared on a going concern basis, management is still required to consider whether there are any material uncertainties that cast doubt on the CCG's ability to continue as a business. What is the process for undertaking a rigorous assessment of going concern? Is the process carried out proportionate in nature and depth to the level of financial risk and complexity of the organisation and its operations? How will you ensure that all available information is considered when concluding the organisation is a going concern at the date the financial statements are approved?	Going concern assessment indicated no doubt about continuing in business.
Can you provide details of those solicitors utilised by the CCG during the year. Please indicate where they are working on open litigation or contingencies from prior years?	Legal advice provided by: DAC Beachcroft LLP Browne Jacobson LLP Capsticks Solicitors LLP Hempsons
Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	None
Have any of the CCG's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements?	No