

## Agenda Item 5

### Gloucestershire Clinical Commissioning Group Governing Body

<b>Meeting Date</b>	Thursday 23 <sup>rd</sup> May 2019
<b>Report Title</b>	<b>Review of Audited 2018/19 Annual Accounts</b>
<b>Executive Summary</b>	See page 3.
<b>Key Issues</b>	<p>The accounts (Appendix 1) have been recommended to the Governing Body for approval by the Audit Committee held on 21<sup>st</sup> May 2019. The submission date for the audited accounts is 9am 29th May 2019.</p> <p>The letter of representation (Appendix 2) from management to the auditors has, also, been reviewed and recommended for approval.</p>
<b>Risk Issues:</b> <b>Original Risk (CxL)</b> <b>Residual Risk (CxL)</b>	<p>C * L - 2 * 3 = 6</p> <p>C * L - 2 * 3 = 6</p>
<b>Management of Conflicts of Interest</b>	No specific conflicts of interest other than those declared at the meeting.
<b>Financial Impact</b>	The CCG needs to ensure that accounts are prepared accurately and in a timely manner to ensure that the financial position for the organisation is understood and that the CCG receives an unqualified audit opinion.
<b>Legal Issues (including NHS Constitution)</b>	Not Applicable.
<b>Impact on Health Inequalities</b>	Not Applicable.
<b>Impact on Equality and Diversity</b>	Not Applicable.
<b>Impact on Sustainable</b>	The are no direct sustainability implications contained within this report

<b>Development</b>	
<b>Patient and Public Involvement</b>	Not applicable
<b>Recommendation</b>	The Governing Body is asked to: <ul style="list-style-type: none"> <li>• approve the CCG's 2018/19 Audited Annual Accounts</li> <li>• approve the letter of representation</li> </ul>
<b>Author &amp; Designation</b>	Andrew Beard, Deputy Chief Finance Officer
<b>Sponsoring Director (if not author)</b>	Cath Leech, Chief Finance Officer

## Governing Body 23rd May 2019

### Review of Audited 2018/19 Annual Accounts

#### Executive Summary

- The financial position for the year is

	<u>Programme</u>	<u>Running</u>	
	<u>Costs</u>	<u>Costs</u>	<u>Total</u>
	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
<u>2018/19 In Year Performance</u>			
Allocation	856,540	13,713	870,253
Net Expenditure	856,536	13,712	870,248
In Year Surplus / (Deficit)	<u>4</u>	<u>1</u>	<u>5</u>
Brought Forward Surplus @ 31/3/18			21,465
Carried Forward Surplus @ 31/3/19			<u>21,470</u>

- The CCG has met its financial duties:
  - the CCG has remained within its Running Cost allocation
  - the CCG made a small surplus
- Cash holdings at the end of the year were £9k and total cash drawings were within the Maximum Cash Drawdown limit set by NHS England. This balance is within the allowable limit
- Performance against the Better Payment Practice code shows that the CCG has achieved its 95% target in both value & volume of invoices
- Within the above position, the CCG has provided £550k for retrospective CHC claims and £655k for other provisions relating to potential primary care costs, tax related items and other legal and contractual issues
- The external audit of the accounts is currently underway, to date, no material issues have been raised.
- Wherever possible rounding errors have been eliminated within the Annual Accounts.
- As per the Financial Reporting Manual (FReM), the CCG has removed the analysis of Programme/Admin within notes 3, 5 & 6 of the accounts.

- The main changes to the Annual Accounts since the draft submission are:
  - Revenue recognition policy note added within accounting policies (at note 1.5)
  - Policy note relating to the purchase of goods and services added to accounting policies (at note 1.6)
  - 2017/18 comparator added for exit packages (at note 4.3)
  - Footnotes provided to disclose the limitation on auditor liability and expenditure incurred on non-audit workload (Mental Health Investment Standard review and Place Analytics) at note 5
  - A footnote added to show the balance of historical CHC provisions balances held by NHSE (at note 12)
  - Financial Instruments note re-presented (at note 13)

## Review of Audited 2018/19 Annual Accounts

<b>1</b>	<b>Introduction</b>
	The Clinical Commissioning Group has prepared financial statements for the year ended 31 March 2019, in accordance with the National Health Services Act 2006.
	<p>In preparing the financial statements, the Accountable Officer (Chief Officer) is required to comply with the Manual for Accounts issued by the Department of Health and in particular:</p> <ul style="list-style-type: none"> <li>• Observe the Accounts Direction issued by NHS England, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;</li> <li>• Make judgements and estimates on a reasonable basis;</li> <li>• State whether applicable accounting standards as set out in the Manual for Accounts issued by the Department of Health have been followed, and disclose and explain any material departures in the financial statements; and</li> <li>• Prepare the financial statements on a going concern basis.</li> </ul>
<b>2</b>	<b>Notes to the accounts</b>
<b>2.1</b>	<p>Surplus (Note 2)</p> <p>The CCG achieved its planned cumulative target surplus of £21.765m and breakeven in-year position for 2018/19. The CCG exceeded this target by £5k.</p>
<b>2.2</b>	<p>Better Payments Practice Code (Note 6)</p> <p>The CCG has a statutory obligation to meet the Better Payments Practice Code (BPPC). This requires the CCG to pay all valid invoices by their due date or within 30 days of receipt of a valid invoice, whichever is later. The target is to achieve 95% compliance.</p> <p>The CCG's performance against the BPPC is shown in Note 6 of the Accounts. Performance is assessed by both the <i>number</i> of invoices paid within target and the <i>value</i> of invoices paid within target. It is also split between NHS invoices and non-NHS invoices.</p> <p>The CCG achieved more than 95% compliance in all categories.</p>
<b>2.3</b>	<p>Trade and other receivables (Note 9)</p> <p>In overall terms, outstanding debts were £7,899k at the end of 2018/19 which represented an increase of £2,232k from 2017/18. This consisted of £3,389k owed to the CCG by NHS organisations and £4,510k from non-NHS organisations which was primarily from Gloucestershire County Council.</p>
<b>2.4</b>	Cash balance (Note 10)

	<p>The CCG has a duty to manage its cash balances held at the end of the financial year. The Cash held at bank as at 31<sup>st</sup> March 2019 was £9k which means that this duty has been achieved.</p>
<b>2.5</b>	<p>Trade and other payables (Note 11)</p> <p>At the end of the financial year, the CCG had outstanding creditors of £50,642k (£47,188k in 17/18). NHS creditors in total were £9,342k. (£9,686k in 2017/18).</p> <p>Invoices received from non-NHS organisations which remained unpaid at 31 March increased by £1,281k to £5,373k. Furthermore, accruals for costs owing to non-NHS bodies (where invoices had yet to be received) were £33,799k and included £15,347k representing two months of prescribing costs and £6,053k owed to Gloucestershire County Council.</p>
<b>2.6</b>	<p>Provisions (note 12)</p> <p>The total provided for continuing health care (CHC) cases was £915k as at 31 March 2019 (£925k for 2017/18).</p> <p>The CCG also have other provisions of £1,961k. These relate mainly to potential primary care costs regarding practice development and a provision regarding VAT reclaimed on IT Services.</p>
<b>3</b>	<p><b>Recommendation</b></p>
	<p>The Governing body is asked to:</p> <ul style="list-style-type: none"> <li>• Approve the Audited 2018/19 Annual Accounts</li> <li>• Approve the letter of representation</li> </ul>