

Audit Completion Report

NHS Vale of York CCG – year ended 31 March 2015

May 2015



Mazars LLP
The Rivergreen Centre
Aykley Heads
Durham, DH1 5TS

Audit Committee
NHS Vale of York CCG
West Offices
Station Rise
York
YO1 6GA

May 2015

Dear Audit Committee Members

Audit Completion Report – Year ended 31 March 2015

We are delighted to present our Audit Completion Report for the year ended 31 March 2015. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks and areas of management judgement was outlined in our Audit Strategy Memorandum which we presented on 11 March 2015. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks remain appropriate.

We would like to express our thanks for the assistance of your team during our audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me on 0191 383 6300.

Yours faithfully

Mark Kirkham
Director

Mazars LLP

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01 Executive summary

Purpose of this document

This document has been prepared to communicate the findings of our audit for the year ended 31 March 2015 to the Audit Committee of NHS Vale of York CCG (the CCG) and forms the basis for discussion at the Audit Committee meeting on 27 May 2015.

Our communication with you is important to:

- share information to assist both of us to fulfil our respective responsibilities;
- provide you with constructive observations arising from the audit process;
- ensure as part of the two-way communication process we, as external auditors, gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance and other risks facing the CCG; and
- receive feedback from yourselves as to the performance of the engagement team.

Section 3 sets out internal control recommendations and section 4 sets out audit misstatements; there are no non trivial unadjusted or adjusted misstatements.

Principal conclusions and significant findings

As outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards of Auditing (UK and Ireland) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

In section 2 of this report we have set out our conclusions and significant findings from our audit. This section includes our conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum of which the principal ones were:

- management override of controls;
- revenue recognition; and
- related party transactions.

Status and audit opinion

We have substantially completed our audit in respect of the financial statements for the year ended 31 March 2015.

At the time of preparing this report, the following work remains outstanding:

- completion of internal review procedures and final checks on implementation of agreed amendments.

We will provide an update to you in relation to the significant matters outstanding above through issuance of a follow up letter.

At the time of issuing this report and subject to the satisfactory conclusion of the remaining audit work, we anticipate issuing an unqualified opinion, without modification. We have prepared a more detailed report summarising our value for money work but this does not impact on our overall VFM Conclusion.

We also expect to certify that your consolidation data is consistent with the audited financial statements.

02 Significant findings

Set out below are the significant findings from our audit. These findings include:

- the significant risks outlined in the Audit Strategy Memorandum;
- the accounting policies and disclosures that you have adopted in the financial statements;
- any further significant matters discussed with management; and
- any significant difficulties we experienced during the audit.

Significant risks

Management override of control

Description of the risk

In all entities, management at various levels within an organisation are 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. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.

How we addressed this risk

We addressed this risk by:

- reviewing the key areas within the financial statements where management has used judgement and estimation techniques and consider whether there is evidence of unfair bias;
- examining any accounting policies that vary from the Manual for Accounts;
- testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in preparing the financial statements; and
- undertaking cut-off testing around the year end on income.

Audit conclusion

We found no evidence of management override of controls. We have assessed the nature of the trivial errors identified and concluded that there is no evidence of manipulation. No non trivial errors were identified as part of the audit.

We reviewed key areas of management judgement including estimation techniques and concluded that, taking account of materiality, the judgements are reasonable and there is no evidence of unfair bias.

We reviewed your accounting policies and found no significant variations from the Manual for Accounts.

We tested journal entries recorded in the general ledger and other adjustments made in preparing the financial statements and identified no inappropriate transactions. We found no significant transactions that we considered outside the normal course of business within an NHS context.

We undertook cut-off testing on income around the year end and found no non trivial errors.

Revenue recognition

Description of the risk

There is a risk of fraud in financial reporting relating to revenue recognition due to the potential to inappropriately record income in the wrong period. This is not to imply we suspect actual fraud, but that we approach our audit maintaining due professional scepticism.

How we addressed this risk

We addressed this risk by:

- undertaking cut-off testing of receipts around the year-end;
- sample testing income transactions throughout the year;
- reviewing inter-NHS reconciliations and data matches provided by the NHSE (income and receivables); and
- if necessary, seeking direct confirmation from third parties or their external auditors.

Audit conclusion

We found no evidence of fraudulent misreporting relating to revenue recognition or accounting for assets through our testing of income and the data matching exercise.

Related party transactions

Description of the risk

GPs are members of the governing body and also potential service providers.

How we addressed this risk

We addressed this risk through performing audit work over:

- reviewing the CCG's arrangements for identifying and recording potential related party transactions;
- reviewing a range of documents including minutes of meetings and registers of interest for evidence of potential related party transactions; and
- testing disclosures in the financial statements.

Audit conclusion

Our work has not highlighted any issues to bring to your attention.

Accounting policies and disclosures

We have reviewed the CCG's accounting policies and disclosures and concluded they comply with relevant financial reporting framework.

There are a number of accounting policies which are not relevant to the CCG and nil disclosure notes which could be removed from the financial statements as part of a new flexibility in the NHS guidance this year. The CCG prefer to include all of the information but have agreed to state where policies and notes are not applicable, have removed blank tables and will reconsider their position in future.

Significant matters discussed with management

There were no significant matters identified that required discussion with management.

Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management. The accounts were prepared to a good standard and supported by comprehensive working papers.

03 Internal control recommendations

The purpose of our audit was to express an opinion on the financial statements. As part of our audit we have considered the internal controls in place relevant to the preparation of the financial statements in order to design audit procedures to allow us to express an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of internal control or to identify any significant deficiencies in their design or operation.

The matters reported are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and that we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control we might have identified more deficiencies to be reported or concluded that some of the reported deficiencies need not in fact have been reported. Our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made. Our work has not identified any issues to bring to your attention.

Follow up of previous internal control points

We did not raise any internal control points in the prior year.

04 Summary of misstatements

We set out below the misstatements identified during the course of the audit, above the level of trivial, for adjustment. There were no misstatements identified during the course of our audit which management has assessed as not being material either individually or in aggregate to the financial statements and does not currently plan to adjust.

There were no material or non trivial misstatements identified that have been adjusted by management during the course of the audit.

Disclosure amendments

There were some minor amendments to disclosure notes:

- The formula for the line 'Net Recognised NHS Clinical Commissioning Group Expenditure for the Financial Year' incorrectly includes 'Adjusted NHS Clinical Commissioning Group balance at 1 April 2014' i.e. the opening balance of £12.446 million. The CCG has amended the formula and there is no impact on the balance carried forward. A similar amendment has been made to the formula in respect of the comparator SOCITE (£0.761 million).
- Note 12.1.2 Future minimum lease payments – totals were not included for land, buildings and other.
- Note 4 employee benefits – not all comparators included.
- Note 5 operating expenditure – a reclassification of £247,000 from services from other NHS bodies to purchase of healthcare from non NHS bodies as a result of the agreement of balances exercise.
- Note 42 financial targets – the 'revenue resource use on specified matters does not exceed the amount specified in the Directions' line should read nil, but had the total resource limit target of £376,413 million and performance of £374,143 million.
- Annual Report: Table 5.7 [page 69] – two of the bandings in the final column had been entered incorrectly.

05 Value for money

We expect to conclude that the CCG has arrangements in place to secure Value for Money (VFM) in your use of resources, based on the two specified reporting criteria:

- proper arrangements in place for securing financial resilience; and
- proper arrangements for challenging how it secures economy, efficiency and effectiveness.

In the Audit Strategy Memorandum we did not identify any significant risks relevant to the value for money conclusion. We did, however, identify a number of areas where further work was required to obtain sufficient assurance. We have produced a detailed report on our findings and this is included at Appendix D in this report. However, I have included a brief summary of our overall conclusions below.

Proper arrangements in place for securing financial resilience

We identified five areas where further work was required to obtain the required assurance for our VFM Conclusion on financial resilience:

- Better Care Fund;
- review of Governing Body and Audit Committee Minutes;
- review of the Strategic and Financial Plan;
- review of financial reporting; and
- review of QIPP arrangements.

Better Care Fund

Our overall conclusion is that there are no residual risks to the 2014/15 VFM Conclusion following our review of the Better Care Fund. The risks could become significant in 2015/16 if targets are missed and it is important that this is closely monitored. We noted that arrangements for gaining assurance about performance data are currently being developed. As this operates from 1 April 2015 there is no impact on the 2014/15 regularity opinion.

Review of Governing Body and Audit Committee Minutes

We reviewed the Governing Body and Audit Committee minutes throughout the year and identified no residual audit risks to the 2014/15 VFM Conclusion.

Review of the Strategic and Financial Plan

We have reviewed both the Strategic and Financial Plan for 2015/16 and identified no residual audit risks to the 2014/15 VFM Conclusion.

Review of financial reporting

We are satisfied that the outturn position is consistent with the financial position as presented to the Governing Body throughout the financial year and that the CCG has met its surplus target of £3.851m (1%). Our overall conclusion is that there are no residual risks to the 2014/15 VFM Conclusion following our review of financial reporting.

Review of QIPP arrangements

Overall, the CCG delivered £5m of the £9.4m QIPP target (£2.9m through QIPP schemes and the remainder through other mitigations) which is a shortfall of £4.4m. This was addressed within the CCG's overall financial position by a combination of CCG contingencies and underspends. As the QIPP risk of non-delivery was being recognised through in year monitoring, the CCG continued to look at savings against other areas of CCG expenditure to offset this risk. Despite the underperformance on the QIPP targets, the CCG has managed a surplus in 2014/15 and we are satisfied that this does not represent a residual audit risk to the 2014/15 VFM Conclusion.

Proper arrangements for challenging how it secures economy, efficiency and effectiveness

We identified three areas where further work was required to obtain the required assurance for our VFM conclusion on economy, efficiency effectiveness:

- review arrangements for the Yorkshire and Humber Commissioning Support (YHCS).
- review of performance reporting; and
- monitoring of procurement arrangements.

Review of arrangements for the YHCS

There are risks to the CCG during the transition period – particularly around the uncertainty over the provision of support services. However arrangements are in place at the YHCS, through their strategic partnership with the North of England Commissioning Support Unit (NECS) to ensure services provided in 2015/16 are maintained. The CCG is exploring options available to it for future support and are preparing business cases for bringing some of the services in house. At this stage, the situation is being managed by the CCG and its partners and there are no residual audit risks for the 2014/15 VFM Conclusion.

Review of performance reporting

The CCG regularly monitors and reports against performance targets. There are a number of areas where targets were not met, particularly for accident and emergency waiting times and ambulance response times. The CCG is working with partners, e.g., York FT and Yorkshire Ambulance Service, to improve performance in these areas and there are no residual audit risks for the 2014/15 VFM Conclusion.

Procurement arrangements

The CCG carried out a number of major procurement exercises in year. Project management arrangements were strengthened by the introduction of the risk and project management system. Progress on procurement was formally monitored and reported on an ongoing basis. The outcomes of the procurement projects will be monitored through regular financial and performance monitoring going forward and there are no residual audit risks for the 2014/15 VFM Conclusion.

Appendix A – Draft management representation letter

[Client address]

[Date]

Dear [Name]

Name of client - audit for year ended 31 March 2015

This representation letter is provided in connection with your audit of the financial statements of NHS Vale of York CCG for the year ended 31 March 2015 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the Manual for Accounts.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Manual for Accounts and relevant legislation and International Financial Reporting Standards (IFRS) as adopted by HM Treasury.

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the CCG you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Accountable Officer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Accounting records

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Governing Body and Committee meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with the Manual for Accounts and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the CCG's financial position, financial performance and cash flows

Accounting estimates, including those measured at fair value

I confirm that any significant assumptions used by the CCG in making accounting estimates, including those measured at fair value, are reasonable.

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the CCG have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Manual for Accounts and relevant legislation and IFRSs as adopted by HM Treasury.

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

We have complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

Fraud and error

I acknowledge my responsibility Accountable Officer for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the CCG involving:
 - management and those charged with governance;
 - employees who have significant roles in internal control; and
 - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the CCG's financial statements communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Manual for Accounts and relevant legislation and IFRSs.

I have disclosed to you the identity of the CCG's related parties and all related party relationships and transactions of which I am aware.

Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

Future commitments

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Manual for Accounts, relevant legislation and IFRSs require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Yours faithfully

Accountable Officer.....

Appendix B – Draft audit report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NHS VALE OF YORK CCG

We have audited the financial statements of NHS Vale of York CCG for the year ended 31 March 2015 under the Audit Commission Act 1998¹. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the accounting policies directed by the NHS Commissioning Board with the consent of the Secretary of State as relevant to the National Health Service in England.

We have also audited the information in the Remuneration Report that is subject to audit, being:

- the table of salaries and allowances of senior managers [and related narrative notes] on page x;
- the table of pension benefits of senior managers [and related narrative notes] on page y; and
- the table of pay multiples [and related narrative notes] on page z.

This report is made solely to the members of NHS Vale of York CCG in accordance with Part II of the Audit Commission Act 1998 and for no other purpose.

Respective responsibilities of the Accountable Officer and auditor

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the CCG's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Accountable Officer; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

In addition, we are required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

¹ References throughout this report to the Audit Commission Act 1998 are saved transitionally for the purposes of the 2014/15 audit of accounts.

Opinion on regularity

In our opinion, in all material respects the expenditure and income reflected in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of NHS Vale of York CCG as at 31 March 2015 and of its net operating costs for the year then ended; and
- have been prepared properly in accordance with the accounting policies directed by the NHS Commissioning Board with the approval of the Secretary of State.

Opinion on other matters

In our opinion:

- the part of the Remuneration Report subject to audit has been prepared properly in accordance with the requirements directed by the NHS Commissioning Board with the approval of the Secretary of State; and
- the information given in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the governance statement does not comply with NHS England's guidance;
- we refer the matter to the Secretary of State under section 19 of the Audit Commission Act 1998 because we have a reason to believe that the CCG, or an officer of the CCG, is about to make, or has made, a decision involving unlawful expenditure, or is about to take, or has taken, unlawful action likely to cause a loss or deficiency; or
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998.

We have nothing to report in these respects.

Conclusion on the CCG's arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the CCG and auditor

The CCG is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the CCG has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission in October 2014.

We report if significant matters have come to our attention which prevent us from concluding that the CCG has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the CCG's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2014, as to whether the CCG has proper

arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission determined these two criteria as those necessary for us to consider under its Code of Audit Practice in satisfying ourselves whether the CCG put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the CCG had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2014, we are satisfied that, in all significant respects, NHS Vale of York CCG put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015.

Certificate

We certify that we have completed the audit of the accounts of NHS Vale of York CCG in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

[Signature]

Mark Kirkham
for and on behalf of Mazars LLP

The Rivergreen Centre
Aykley Heads
Durham
DH1 5TS

May 2015

Appendix C – Independence

As part of our ongoing risk assessment we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We can confirm that no new threats to independence have been identified since issuing the Audit Strategy Memorandum and therefore we remain independent.

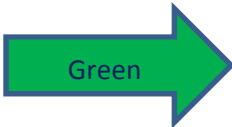

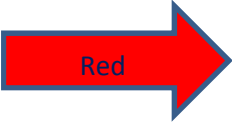
Appendix D – Value for money

Executive Summary

Section 5 of the Audit Commission Act 1998 gives us a statutory duty to confirm that you have made proper arrangements for securing economy, efficiency and effectiveness in your use of resources. The Code of Audit Practice 2010 requires us to adopt a risk-based approach to this work, focusing on criteria set annually by the Audit Commission. The Audit Commission issued guidance in October 2014 that defined sector specific risk areas for 2014/15. The criteria for Clinical Commissioning Groups are as follows:

- proper arrangements in place for securing financial resilience; and
- proper arrangements for challenging how they secure economy, efficiency and effectiveness.

We used the Audit Commission's guidance to carry out an initial risk assessment using a red / amber / green (RAG) rating with the following definitions.

Adequate arrangements identified.	
Arrangements are mostly adequate but there are some risks or weaknesses, with remedial action in place.	
Arrangements are generally inadequate or have a high risk of not succeeding.	

We did not identify any significant risks to our Value for Money Conclusion opinion. However, we identified a number of areas where further work was required to obtain sufficient assurance and these are set out below although inevitably there is a degree of cross over between the two criteria.

Financial resilience

- Better Care Fund;
- review of Governing Body and Audit Committee minutes;
- review of the Strategic and Financial Plan;
- review of financial reporting; and
- review of QIPP arrangements.

Economy, efficiency and effectiveness

- review arrangements for Yorkshire and Humber Commissioning Support (YHCS);
- review of performance reporting; and
- monitoring of procurement arrangements.

The final risk ratings shown in the tables below reflect our assessment following completion of this work.

Summary of findings

Financial Resilience

Better Care Fund

Our work focused on assessing the readiness of the CCG for the implementation of the Better Care Fund (BCF) on 1 April 2015. The objective of this work was to ensure that a potential significant risk in terms of financial resilience is not present at 31 March 2015 as a result of the medium term financial plan relying on performance rewards and payback from the BCF investment that is unlikely to be realised. A summary of our findings is set out below:

- BCF Plans have been submitted on time which meet NHSE requirements;
- adequate governance structures and resources were in place ready for the 1 April 2015 start date;
- the s75 agreements were not finalised and signed by 1 April 2015 but there are no areas of disagreement, the delay being to allow time for legal review by each body prior to signing;
- the delay in signing the agreements should not impact on initiatives, which have been started using existing funding;
- although much more ambitious than required, the targets are realistic due to the early start made in York, North Yorkshire and Pocklington at integration and transformation;
- The Vale of York 'readiness' is fairly typical from a review of checklists completed at our other CCGs and the areas where arrangements are still unclear are not essential to hit the ground running.

Our overall conclusion is that there are still no residual risks to the 2014/15 VFM Conclusion following our review of the Better Care Fund. We noted that arrangements for gaining assurance about performance data are currently being developed. The risks could become significant in 2015/16 if targets are missed and it is important that this is closely monitored. As this operates from 1 April 2015 there is no impact on the 2014/15 regularity opinion.

Review of Governing Body and Audit Committee Minutes

We have reviewed the Governing Body and Audit Committee minutes throughout the year and identified no residual risks to the 2014/15 VFM Conclusion.

Review of the Strategic and Financial Plan

We have reviewed your Strategic and Financial Plans and identified no residual risks to the 2014/15 VFM Conclusion.

Review of financial reporting

Based on our review of the Quality and Finance Committee minutes we are satisfied that these are consistent with the financial position as presented to the Governing Body throughout the financial year. The outturn surplus is £3.851m (1%) and our overall conclusion is that there are no residual risks to the 2014/15 VFM Conclusion following our review of financial reporting.

Review of QIPP arrangements

Overall, the CCG delivered £5m of the £9.4m QIPP target (£2.9m through QIPP schemes and the remainder through other mitigations) which is a shortfall of £4.4m This was addressed within the CCG's overall financial position by a combination of contingencies and underspends. The risk of non-delivery of QIPP targets has been recognised through in year monitoring. Despite the underperformance on the QIPP targets, the Trust has managed a surplus in 2014/15 and we are satisfied that performance against the QIPP targets for 2014/15 does not represent a residual risk to the 2014/15 VFM Conclusion.

Proper arrangements for challenging how it secures economy, efficiency and effectiveness

Review of arrangements for the YHCS

Following the establishment of a lead provider framework (LPF) by NHS England all Commissioning Support Units (CSU) have had to apply to be included. YHCS has not been successful in securing a place on the LPF. This decision means that if CCGs procured commissioning support services through the LPF, the YHCS would not be able to respond. The YHCS is still able to deliver services at the moment and would continue to do so up to the point of procurement. Transition Boards have been established by NHS England to oversee the period up to April 2016 to ensure the stability of current services and to understand the requirements of CCGs and to work with them to ensure a smooth transition to the new arrangements.

Discussion with management and review of minutes indicates the CCG intends to work closely with the other North Yorkshire CCGs. Options being considered for the future include bringing services in house, sharing with other CCGs or buying from other providers on the LPF.

There are risks to the CCG during the transition period – particularly around the uncertainty over the provision of support services. However arrangements are in place at the YHCS, through their strategic partnership with NECS, to ensure services provided in 2015/16 are maintained. The CCG is exploring options available to it for future support. At this stage, we are satisfied that this is being managed by the CCG and its partners and there are no residual risks to the 2014/15 VFM Conclusion.

Review of performance reporting

The CCG regularly monitors and reports against performance targets. There are a number of areas where targets were not met, particularly for accident and emergency waiting times and ambulance response times. The CCG is working with partners, eg York FT and Yorkshire Ambulance Service, to improve performance in these areas.

We are satisfied that this is being managed by the CCG and its partners and there are no residual risks to the 2014/15 VFM Conclusion..




Review of procurement arrangements



The CCG carried out a number of major procurement exercises in year. Project management arrangements were strengthened by the introduction of the risk and project management system. Progress on procurement was formally monitored and reported on an ongoing basis. The outcomes of the procurement projects will be monitored through regular financial and performance monitoring going forward.

We are satisfied that procurement is being managed by the CCG and there are no residual risks to the 2014/15 VFM Conclusion.

Overall assessment

Following the completion of this work, we applied the RAG rating to the five categories of characteristics of proper arrangements as set out in the Audit Commission guidance and the results are summarised below:

Financial Resilience	
Financial Governance	
Financial Planning	
Financial Control	

Economy, efficiency and effectiveness	
Prioritising Resources	
Improving efficiency and productivity	

All of the 5 sections are categorised as green and therefore we consider that there are no residual risks impacting our VFM Conclusion. More details on each section can be found in the tables below.

Recommendation
Arrangements should be agreed for quality assuring the data provided by the councils to report progress against the Better Care Fund Plan.

Characteristics of proper arrangements for securing financial resilience

The financial resilience criterion has three aspects:



- financial governance;
- financial planning; and
- financial control.

Characteristics of proper arrangements for these aspects are covered below.

Financial governance

The quality of financial governance and leadership is critical in any CCG in meeting the financial management challenges and for securing financial resilience. Good basic systems, processes and controls are important, but it is the overall financial culture that makes the difference.

Typical characteristics of proper arrangements

Characteristic	RAG Rating	Auditor Comments
Visible, constant governing body leadership with effective senior management buy in. The governing body demonstrates a willingness to collaborate with key partners in decision making and agreeing joint plans to deliver the health needs of the local population.		The CCG has in place an effective Governing Body comprised of Clinical Leads, Senior Managers and Lay Members, plus other attendees. The Governing Body has a clear delegation of responsibilities to its formal Committees and its Officers; a clear process for decision making; and a Clinical Chair responsible for leadership of the Governing Body. There are effective partnership arrangements in place, including formal Health and Wellbeing Boards.
The governing body clearly understands the significant and rapidly changing financial management challenges and risks facing the organisation and is taking appropriate action		Through the Risk Management Framework and the supporting Governing Body Assurance Framework and Corporate Risk Register, the Governing Body has set the risk appetite for the organisation. This determines the nature and extent of the significant risks it is willing to take in achieving its strategic objectives including maintaining a stable financial position.

Characteristic	RAG Rating	Auditor Comments
to secure a stable financial position.		
The constitution of the CCG includes the appropriate elements to enable the governing body to discharge its role effectively.		The constitution was amended in 2014-15 following a review of the standing financial instructions and delegated authority from the governing body. The CCG constitution ensures that arrangements are in place for the governing body to exercise its functions effectively, efficiently and economically. Committees have been established to support the governing body in discharging its role effectively. Each of the committees that report into the governing body undertakes annual assessments of their terms of reference to ensure they are still fit for purpose.
The chief financial officer is a key member of the governing body, being actively involved in all business decisions, and promoting and delivering good financial management.		The Chief Finance Officer is a member of the CCG's Governing Body as well as Audit Committee, Quality and Finance Committee and Senior Management Team meetings. As a key member, the chief financial officer is actively involved in all business decisions and promoting and delivering good financial management within the CCG.
The leadership fosters an environment where there is good understanding and routine challenge of financial assumptions and performance, and a culture of transparency about the financial position. The governing body considers the financial skills required and ensures staff throughout the organisation actively develop financial literacy and skills.		<p>The Quality and Finance Committee, that is a formal subcommittee of the governing body, is chaired by a Lay Member and meets on a monthly basis.</p> <p>The overall objectives of the Quality and Finance Committee are to ensure that the CCG has strong contractual and quality performance, clinically appropriate and safe services, and to ensure that this is delivered within the financial plan.</p> <p>The governing body, through the Senior Management Team, considers the financial skills required across the whole of the CCG and ensures there is access to finance training for non finance staff to maintain appropriate financial literacy and skills throughout the CCG.</p> <p>The CFO is a qualified accountant and an Associate Member of the Chartered Institute of Management Accountants and is a very experienced officer.</p>
The governing body scrutinises and challenges financial performance effectively, holding officers to account.		The financial position is taken to each Governing Body (held bi monthly) and presented by the Chief Finance Officer. The main scrutiny takes place at Quality and Finance Committee, which reports to the Governing Body. Further challenge occurs through the Audit Committee, which again reports to the Governing Body, through the review of the internal and external audit reports.
The CCG has an objective, knowledgeable and effective audit committee. It provides effective challenge across the organisation and assurance on the arrangements for risk management, maintaining		The Audit Committee has a broad representation of members including management, clinical, internal audit, external audit, and a lay member with a finance background. It is chaired by the Vice-Chair of the Governing Body / Lay Member for Governance. The Audit Committee has delegated responsibility from the Governing Body for oversight of integrated governance, risk management and internal control, internal audit, external audit, reviewing the findings of other significant


Characteristic	RAG Rating	Auditor Comments
effective internal control, and reporting on financial and other performance.		assurance functions, counter fraud and financial reporting. In March 2015 the Chair of the Audit Committee resigned to become the Chair of the Governing Body and the CCG is currently recruiting a replacement lay member and Audit Committee Chair with a finance background.

Financial planning

Typical characteristics of proper arrangements

Characteristic	RAG Rating	Auditor Comments
The financial plan reflects the CCG's strategic objectives and priorities for the year, and over the longer term. The CCG has reviewed and updated its longer-term strategy and long-term financial plan to address current and emerging financial pressures. This review includes, for example, the impact of changes in priorities, changing demographics and demand for services.		The CCG's financial plan reflects the CCG's five year strategic plan, which has been reviewed and updated in recent submissions to reflect the five year forward view, impact of revised tariff assumptions, feedback from CCG engagement sessions with partners, impact of changes in demand in the preceding 12 months and financial impact of ongoing contract discussions. Additional work undertaken: Review of the Strategic and Financial Plans.
The CCG has set a balanced budget which fits within the longer term financial plan and it is based on realistic projections. Assumptions are in line with NHS England planning guidance and take into account demand led pressures on services. The budget clearly identifies the required efficiencies. The plan is consistent with Monitor's 2014/15 National Tariff.		The CCG set a balanced budget for 2014/15 and has achieved a balanced budget, initially aiming to achieve a 0.57% surplus but achieving the full 1% surplus. A balanced budget has been set for 2015/16. Both budgets were set with due consideration to the CCG's 5 year strategic plan, all NHS England finance guidance/business rules and local pressures. Efficiency requirements necessary to achieve a balanced budget were clearly outlined at the start of the financial year and have been reported on all year. Additional work undertaken: Review of the Strategic and Financial Plans.
Financial plans are consistent with commissioning plans and the plans of local partners including the Better Care Fund, and with risk management arrangements.		The CCG has developed its financial plan alongside the commissioning plan (strategic plan) and intentions. The financial plan also incorporates information received from the local PCU regarding the services it manages on behalf of the CCG. It takes the level of ambition outlined in the City of York, North Yorkshire and East Riding BCF plans and ensures this is factored in. Planned activity levels have also been shared with local acute providers as part of the contract negotiations. Additional work undertaken: Review of the Strategic and Financial Plans and the Better Care Fund.





Characteristic	RAG Rating	Auditor Comments
<p>The CCG has arrangements to develop and implement appropriate QIPP plans for 2014/15 and beyond. Plans are developed and implemented and help ensure quality is at least maintained.</p>		<p>The Commissioning team take a lead on developing robust QIPP plans, working in partnership with the Business Intelligence team on activity data, the finance team on costing information, GPs on patient pathways of care, the contracting team for legalities on contractual requirements and the Director of Quality to ensure both quality and patient safety aren't compromised. Major QIPP schemes are discussed with the local provider for further scrutiny, particularly from a quality of care and patient safety perspective.</p> <p>Additional work undertaken: Review of QIPP arrangements.</p>
<p>Financial and corporate planning processes are integrated, link to risk management arrangements, and incorporate strategic planning for other resources including the capital programme and workforce planning.</p>		<p>As stated above, the CCG has developed its financial plan alongside the commissioning plan (strategic plan) and intentions. Both the financial plan and the strategic plan refresh has been discussed and amended as necessary following review by the Senior Management Team (SMT). Following this review, both documents have been taken to Governing Body for further scrutiny. The CCG's risk register is regularly reviewed by SMT, Audit Committee and Governing Body.</p> <p>Additional work undertaken: Review of the Strategic and Financial Plans.</p>
<p>The organisation models key expenditure drivers (for example, population changes and demand for services). The organisation uses realistic planning assumptions in line with those issued in NHS England Planning Guidance. The CCG considers the impact of expenditure drivers and assumptions on financial plans and ensures short-term fixes are not achieved at the expense of long-term sustainability.</p>		<p>The CCG has, on the whole, two types of contracts with its service providers – block or tariff. For block contracts, assessments are made of the changes that affect the services either through national guidance/requirements (ie increasing access to psychological therapies), local information from the provider (ie increasing levels of demand) or from the CCG's own soft intelligence from service users on poorly functioning services. This approach is also taken for small stable tariff based contracts too. For the CCG's main tariff contract with York FT for example, a bottom up approach is taken. This starts with the latest information on annualised activity levels and then incorporates estimated local demographic growth (factored in at each age range and not just at an overall level), non-demographic growth (such as the impact from nation screening campaigns) and service developments/pathway changes from either the CCG or the provider. The financial plan incorporates NHS England's planning/business rules.</p> <p>Additional work undertaken: Review of the Strategic and Financial Plans.</p>
<p>The CCG is projecting that it will meet its revenue and capital resource limits in 2014/15. The governing body has assured itself that its projections and supporting plans are supported by detailed and robust financial modelling as required by the NHS England planning guidance.</p>		<p>The CCG has now reached the end of 2014/15 and, subject to audit, met both its revenue and capital resource limits. The CCG's financial plan for 2015/16 projects its expenditure will again be within both its revenue and capital resources limits. Please note the comments above with regards to governing body assurance and robust financial modelling.</p> <p>Additional work undertaken: Review of the Strategic and Financial Plans and review of financial reporting.</p>

Characteristic	RAG Rating	Auditor Comments
The CCG gives due regard to its ability to deliver its statutory responsibilities when considering its long term financial plan.		The CCG built into its long term financial plan, the statutory responsibilities and financial planning requirements required at the time. Additional work undertaken: Review of the Strategic and Financial Plans.

Financial control

CCGs need to keep their spending within available resources. They therefore need to challenge their budget monitoring and reporting arrangements to ensure they are fit-for-purpose, and are responsive to the even greater need to demonstrate VFM and achieve efficiencies.

Typical characteristics of proper arrangements

Characteristic	RAG Rating	Auditor Comments
The governing body has the right information to monitor and challenge the financial position.		The Governing Body has delegated the detailed financial monitoring and scrutiny to the Quality and Finance Committee. This committee meets every month and standing items include a current update on financial position of the CCG, an update on QIPP performance, trading positions against the main acute and ambulance contracts. The minutes of this meeting, together with key messages are taken to every Governing Body meeting. Additional work undertaken: Review of the Strategic and Financial Plans and review of Governing Body and Audit Committee minutes.
Financial monitoring and forecasting is fit-for-purpose and accruals based, helping to ensure a clear link between the budget, in-year forecasts and year-end position.		This information, ensuring clear link between the budget, in-year forecasts and year-end position, is presented in detail to the Quality and Finance Committee every month. The position is also taken to every Governing Body meeting. Additional work undertaken: Review of financial reporting.
The CCG has robust arrangements in place to assess the ongoing financial viability of the CCG and to report to the governing body on the assessment of the CCG's financial viability. The CCG is proactive in taking corrective action where necessary.		The CCG's finances are subject to scrutiny through-out the year by internal audit and by the committee noted above and reported to Governing Body. Each month the CCG submits a return to NHS England for assessment on such things as risk, QIPP and its underlying position. Further to this, the CCG has quarterly assurance meetings with NHS England which includes financial challenge and assurance. Additional work undertaken: Review of the Strategic and Financial Plans; review of financial reporting; and review of Governing Body and Audit Committee minutes.
The CCG analyses and extrapolates relevant trends and considers their impact on projected final out-turn and the long term financial plan.		For the main acute contracts, the contracting team works alongside the business intelligence data analysis team to interpret the data that flows from the providers each month. This information is then used to make assessments of forecast outturn positions. The assumptions around the forecast outturn are discussed with the finance team and

Characteristic	RAG Rating	Auditor Comments
<p>Forecasts are subject to risk and sensitivity analysis and management takes timely action to address any budget pressures, for example by taking corrective action to manage unfavourable variances or by revisiting corporate priorities.</p>		<p>are challenged at the Quality and Finance Committee meetings. The Business Intelligence team also undertake data analysis for the commissioning teams to assist them in developing services specifications and to direct them to areas where local activity levels are at odds with national levels for scrutiny and understanding.</p> <p>The PCU undertake the same approach for monitoring the services managed on behalf of the CCG.</p> <p>The finance team work with the medicines management team to ensure outturn is accurately predicted with regards to the prescribing budget. Latest trends, incorporating new drug usage, changes in prices, progress on drug QIPP schemes etc are factored in.</p> <p>The CCG also attends (where possible) and receives minutes of meetings from other CCGs contract meetings with providers located within their footprint, to understand issues and trends they notice occurring. This information is then used to update their understanding of these contracts but also to check against other contracts to see if the same thing is occurring.</p> <p>Additional work undertaken: Review of the Strategic and Financial Plans; review of financial reporting.</p>
<p>The CCG has a good record of meeting its statutory financial targets and savings plans.</p>		<p>The CCG has met its statutory financial targets for two years running. With regards to its savings plans, the CCG addressed the in year shortfall by a combination of contingencies and underspends. As the risk of non delivery was recognised through in year monitoring, the CCG continued to look at savings against other areas of expenditure to offset the risk.</p> <p>Additional work undertaken: Review of the Strategic and Financial Plans; review of financial reporting.</p>
<p>The CCG has gained assurances over pooled budgets and partnerships and, where appropriate, is clear their arrangements for ensuring budget monitoring and forecasting information is fit-for-purpose.</p>		<p>In 2014/15 there were no formal pooled budget arrangements, the main partnership arrangement the CCG was party to, was the running costs of the local PCU. The CCG receive detailed budget reports and forecast outturn from the PCU each month.</p> <p>In 2014/15 the CCG is part of the local PCU partnership which manages such services as CHC and FNC across the whole of North Yorkshire. Again, the CCG receives monthly finance reports, including forecast outturn. Senior members of the CCG attend regular meetings with PCU's senior leadership team and are integral in its decision making.</p> <p>Additional work undertaken: Review of financial reporting; review of the Better Care Fund.</p>

Characteristics of proper arrangements for securing economy, efficiency and effectiveness




The economy, efficiency and effectiveness criterion has two aspects:

- prioritising resources; and
- improving efficiency and productivity.

Characteristics of proper arrangements for these aspects are covered below.

Prioritising resources

To make sustainable cost reductions, CCGs will need to take a strategic approach to challenging all areas of spend, considering how spending matches the priorities of the CCG and the needs of the people it serves.

Characteristic	RAG Rating	Auditor Comments
The leadership of the CCG is strong and has the right skill mix and capacity to enable it to deliver the CCG's priorities. It adopts a strategic approach to identifying cost reductions and challenging spending and investment decisions. It is taking a rational view of its priorities and of the short- medium- and longer-term opportunities for efficiencies.		<p>The leadership of the CCG is through its Governing Body comprised of Clinical Chair, Clinical Leads, Chief Officer, Chief Finance Officer, Executive Directors and Lay Members, plus other attendees.</p> <p>All members of the Governing Body are able to demonstrate the leadership skills necessary to fulfil the responsibilities of these key roles and have established credibility with all stakeholders and partners. Especially important is that the Governing Body is in tune with its member practices and secures their confidence and engagement.</p> <p>The Governing Body considers a range of strategic information covering finance, performance, strategy, policy, risk and quality assurance at bi-monthly meetings and key considerations include value for money assessment and identifying cost reductions and efficiencies.</p> <p>Additional work undertaken: Review of Governing Body minutes.</p>
The CCG's plans are clear about what its priorities are, what services it wants, and what it will pay. Equally importantly, the CCG is also clear where its roles and responsibilities lie when working with partners such as local councils and Health and Wellbeing Boards.		<p>The CCG's 5 year strategic plan, 1 year operational plan and its financial plan identifies the CCG's priorities in detail and how services will be funded.</p> <p>The CCG has established clear working relationships and roles and responsibilities through the Health & Wellbeing Boards and other formal working arrangements.</p> <p>Additional work undertaken: Review of the Strategic and Financial Plans; review of the Better Care Fund.</p>
Where appropriate, there is input from, or consultation with, front-line staff, providers and partners to identify local priorities for spending. There is a willingness to challenge the way services are currently commissioned, including		<p>The CCG holds events throughout the year to engage with stakeholders and the local population.</p> <p>The CCG received very positive and improved feedback in the 360o stakeholder review carried out by NHSE as part of the annual assurance process for CCGs. This report was discussed by the Governing body and any areas for improvement noted and acted upon.</p>



Characteristic	RAG Rating	Auditor Comments
consideration of how services are best delivered.		
The CCG bases decisions on cost reductions and prioritising its resources on robust information about the costs it incurs in delivering its services and activities, including services delivered by CSUs and back-office functions, and the drivers that will influence or change these costs.		The CCG has clear processes to ensure that all CCG decisions with respect to prioritisation of resources and cost reductions are supported by robust information on the running costs of the CCG, including YHCS and the PCU. The CCG is also clear on the drivers that impact on these costs.
The CCG uses cost and performance information to assess the impact of spending decisions, for example to ensure efficiency savings are not having a damaging impact on service quality and performance in priority area and the needs of the local population continue to be met.		As above the CCG ensures robust cost and performance information is used to assess the impact of all CCG's spending decisions. The CCG fundamentally believes in implementing its savings plans after being assured the plans are robust and will not have a negative impact on patient care, patient experience or patient safety. Once implemented these schemes are monitored regularly to ensure there is no damaging impact on quality, performance or patient needs.
The CCG has a clear understanding of its relationship with providers, partners and other external organisations and what the CCG can expect to contribute to and receive from each relationship. The CCG demonstrates a good working relationship with the local council, Health and Wellbeing Board and other stakeholders, and works with them to provide closer integration of health and social care.		There are effective partnership arrangements in place, which include: the City of York, North Yorkshire and East Riding Health and Wellbeing Boards and Yorkshire and the Humber Clinical Commissioning Group Collaborative. There are a range of other partnerships relevant to stakeholder groups, including: the Patient and Public Engagement Forum; the Communications and Engagement Steering Group; local safeguarding groups; meetings with providers; and meetings with NHS England Area Team to provide assurance. In all of these relationships, there is a clear understanding of relationships and roles and responsibilities. There is a clear system wide vision across the CCG's main partners and this can be evidenced through the recently successful Vanguard bid and BCF pooled budget arrangements aimed at closer integration of health and social care. Additional work undertaken: Review of the Better Care Fund.
Areas of high spending are identified and challenged and effective action taken to deliver cost reductions. Arrangements are in place to monitor the implementation and impact of action to reduce spending.		The CCG uses information such as programme budgeting to identify areas of high spending, these areas are reviewed and QIPP schemes are formulated where appropriate to address high spending areas to deliver efficiencies. Robust monitoring systems have been developed to ensure QIPP/savings schemes are on track.

Improving efficiency and productivity

To manage the impact of increased demand on local public services, CCGs will need to make the best possible use of the resources available to them. They will need to increase productivity, achieving better output from resources, to enable them to continue to satisfy local needs. This will involve challenging all aspects of their business and taking action to make sustainable efficiencies. This may involve changing the way they manage themselves.

Characteristic	RAG Rating	Auditor Comments
<p>The CCG has access to good quality and timely comparative information on costs and performance, which it uses to evaluate options and plans. Information from partners and commissioning support providers is provided on a timely basis and the CCG has appropriate assurance over the accuracy of the information and uses it as part of the evaluation process.</p>		<p>The CCG on a monthly basis produces a dashboard from information received from providers. The dashboard goes to Quality and Finance Committee and to Governing Body. It incorporates quality, performance and finance indicators. The main providers also send through weekly information on referrals and completed spells. All this information is validated and challenged through Quality and Finance Committee to ensure all decisions are supported by good quality and timely information.</p> <p>Additional work undertaken: Review of performance monitoring.</p>
<p>The CCG should have a clear annual commissioning plan in place for the delivery of services including how partners and commissioning support providers contribute to the achievement of delivery and quality of services. Where there are conditions of authorisation on planning or finances, CCGs should also have more detailed supplementary plans in place which clearly addresses these conditions. Plans should meet the needs of the local population, align with the plans of other partners in the local health economy and secure services at a competitive cost.</p>		<p>The CCG has an operational and a financial plan that is approved at the Governing Body, which outlines the commissioning intentions and deliverables for the coming year. This plan is monitored and managed throughout the year. Any necessary corrective actions are documented through minutes and action trackers to committee meetings.</p> <p>The CCG does not have any conditions of authorisation.</p> <p>The CCG's plans are developed to meet all local population requirements and takes account of public and partner feedback through regular engagement. NHS England undertakes regular assurance check-point meetings with the CCG to ensure the plan is being delivered.</p> <p>Additional work undertaken: Review of Strategic and Financial Plans, review of procurement.</p>
<p>Costs for commissioning key services are consistent with or better than other organisations providing similar levels and standards of services, allowing for relevant local factors and priorities. The organisation makes use of comparative and benchmarking information to increase self-awareness and improve efficiency. It is actively working with its partners, service providers and external sources of support to improve its processes, costs and outcomes.</p>		<p>The CCG uses the Commissioning for Value packs, programme budgeting information, Atlas of Variation and NHS Right Care information as good benchmarking information to inform the commissioning intentions and improving efficiency locally.</p>
<p>The CCG considers alternative and innovative approaches to</p>		<p>The CCG has undertaken numerous events in 2014/15 to engage with the local population on what their demands are and for</p>

Characteristic	RAG Rating	Auditor Comments
<p>commissioning services to achieve efficiencies while keeping services at a level that will satisfy local people. It also considers the potential to manage the demand for services, and is actively seeking and evaluating new ways of delivering services and improving efficiency.</p>		<p>input on strategic direction. Further event engagement has been directed towards all providers of health and social care, again encouraging closer working partnerships and understanding of local healthcare needs. The CCG has also strongly embraced the Care Planning concept for the proportion of patients with high demands on health and social care.</p> <p>Additional work undertaken: Review of QIPP arrangements.</p>
<p>The CCG has a robust approach to evaluating options for making efficiencies, including considering the short-, medium- and long-term impact. There are strong monitoring arrangements to ensure planned efficiencies are achieved, and to understand the impact on services and performance.</p>		<p>The CCG achieves this through the use of a project management tool that tracks all of the CCGs developments/efficiency schemes. The CCG's Operational Delivery Group meets on a weekly basis to ensure plans are on track and progress made.</p> <p>Additional work undertaken: Review of the QIPP programme.</p>
<p>The CCG makes use of the CCG Outcomes Indicator Set and CCG Outcomes Tool as part of their contribution to setting priorities, developing fit-for-purpose commissioning plans and driving local improvement.</p>		<p>The CCG used the tools as part of its priority setting process.</p> <p>Additional work undertaken: Review of QIPP arrangements.</p>
<p>The CCG is setting itself challenging targets, and is working with partners in the local health economy and commissioning support providers to achieve its priorities. Achievement of priorities is monitored and the risk and impact on the CCG's financial position of non-achievement is actively managed.</p>		<p>As noted above, the CCG is setting itself challenging targets and working with partners. Risks and impacts on the CCG's finances are constantly considered and factored into its forecast outturn position.</p> <p>Additional work undertaken: Review of QIPP arrangements.</p>
<p>The CCG has effective arrangements to ensure independence in tendering, evaluating and awarding contracts.</p>		<p>The CCG uses the procurement team from the Yorkshire & Humber Commissioning Support to undertake tendering of services, as and when they arise. The CCG are clear in their responsibilities and the processes that need to be followed.</p>
<p>The CCG has a clear understanding of its arrangements with the CSU or alternative commissioning support provider. The CCG should have a clear understanding of the services provided, the controls in place to ensure services are delivered and information is monitored appropriately and the assurance</p>		<p>The CCG have got a clear understanding of the services provided by YHCS that is underpinned by a signed contract, detailed service specifications and detailed finance schedule. The contract is monitored and managed on a monthly basis and the YHCS' relationship manager attends Senior Management Team meetings where day to day issues are managed. The CCG, through its corporate risk register, captures all risks including those resulting from services provide by the YHCS.</p> <p>Additional work undertaken: Review of YHCS transition</p>

Characteristic	RAG Rating	Auditor Comments
those controls provide. The CCG should have arrangements in place to understand and manage any risks.		arrangements.
The CCG has arrangements in place to ensure that it holds data securely, shares it only when appropriate, and destroys it properly when it is no longer needed. CCGs will receive much of their management data from other organisation		<p>The CCG has successfully completed its Information Governance toolkit for the second year running. This toolkit is audited by internal audit who have given it significant assurance.</p> <p>All CCG staff are fully aware of their responsibilities with regards to Information Governance and handling of data, with all staff completing the Information Governance mandatory training.</p>
Section 3.2 of this guidance includes a detailed section on the outcome of the Francis Report and the Keogh Mortality Review. The reviews are addressed mainly to the trusts, but some action plans may include actions for which local CCGs are identified as the lead.		The CCG does not operate with an affected provider.