



NHS Norfolk & Waveney CCG

**Auditor's Annual Report
Year ended 31 March 2021**

14 June 2021



EY

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The contents of this report are subject to the terms and conditions of our appointment as set out in our engagement letter dated 23 April 2021.

This report is made solely to the Governing Body, Audit Committee and management of NHS Norfolk & Waveney Clinical Commissioning Group (CCG)] in accordance with our engagement letter. Our work has been undertaken so that we might state to the Governing Body, Audit Committee and management of the CCG those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Governing Body, Audit Committee and management of the CCG for this report or for the opinions we have formed.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Hywel Ball, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

Section 1

Executive Summary



Executive Summary: Key conclusions from our 2020/21 audit

Area of work	Conclusion
Opinion on the CCG's:	
Financial statements	Unqualified – the financial statements give a true and fair view of the financial position of the CCG as at 31 March 2021 and of its expenditure and income for the year then ended. We issued our auditor's report on 14 June 2021.
Regularity of income and expenditure	We had no matters to report.
Parts of the remuneration report and staff report subject to audit	We had no matters to report.
Consistency of the annual report and other information published with the financial statements	Financial information in the Annual report and published with the financial statements was consistent with the audited accounts.

Area of work	Conclusion
Reports by exception:	
Value for money (VFM)	We had no matters to report by exception on the CCG's VFM arrangements. We have included our VFM commentary in Section 04.
Consistency of the annual governance statement	We were satisfied that the annual governance statement was consistent with our understanding of the CCG.
Referrals to the Secretary of State and NHS England	We made no referrals.
Public interest report and other auditor powers	We had no reason to use our auditor powers.

Area of work	Conclusion
Reporting to the CCG on its consolidation schedules	We concluded that the CCG's consolidation schedules agreed, within a £300,000 tolerance, to the audited financial statements.
Reporting to the National Audit Office (NAO) in line with group instructions	The NAO included the CCG in its sample of Department of Health component bodies. We had no matters to report to the NAO.

Executive Summary: Key conclusions from our 2020/21 audit

As a result of the work we carried out we have also:

Outcomes	Conclusion
Issued a report to those charged with governance of the CCG communicating significant findings resulting from our audit.	We issued an Audit Results Report dated 9 June 2021 to the Audit Committee.
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2020 Code of Audit Practice.	We issued our certificate on 14 June 2021.

Fees

We carried out our audit of the CCG's financial statements in line with the engagement letter dated 23 April 2021.

As outlined in the Audit Results Report we were required to carry out additional audit procedures to address audit risks in relation to the valuation of property, plant and equipment. As a result, we have agreed an associated additional fee with the Chief Finance Officer. We include details of the final audit fees in Appendix 1.

We would like to take this opportunity to thank the CCG staff for their assistance during the course of our work.



Mark Hodgson

Associate Partner

For and on behalf of Ernst & Young LLP

Section 2

Purpose and responsibilities



Purpose and responsibilities

This report summarises our audit work on the 2020/21 financial statements.

Purpose

The purpose of the auditor's annual report is to bring together all of the auditor's work over the year. A core element of the report is the commentary on VFM arrangements, which aims to draw to the attention of the CCG or the wider public relevant issues, recommendations arising from the audit and follow-up of recommendations issued previously, along with the auditor's view as to whether they have been implemented satisfactorily.

Responsibilities of the appointed auditor

We have undertaken our 2020/21 audit work in accordance with the Audit Plan that we issued on 5 May 2021 and the Audit Plan Addendum dated 27 May 2021. We have complied with the NAO's 2020 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the NAO.

As auditors we are responsible for:

Expressing an opinion on:

- The 2020/21 financial statements;
- The parts of the remuneration and staff report to be audited;
- The consistency of other information published with the financial statements, including the annual report;
- The regularity of the CCG's income and expenditure; and
- Whether the consolidation schedules are consistent with the CCG's financial statements for the relevant reporting period.

Reporting by exception:

- If the governance statement does not comply with relevant guidance or is not consistent with our understanding of the CCG;
- To the Secretary of State for Health and Social Care and NHS England if we have concerns about the legality of transactions or decisions taken by the CCG;
- If we identify a significant weakness in the CCG's arrangements in place to secure economy, efficiency and effectiveness in its use of resources;
- Any significant matters that are in the public interest; and
- Any significant issues or outstanding matters arising from our work which are relevant to the NAO as group auditor.

Responsibilities of the CCG

The CCG is responsible for preparing and publishing its financial statements, annual report and governance statement. It is also responsible for ensuring the regularity of its income and expenditure and putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Section 3

Financial Statement Audit



Financial Statement Audit

We have issued an unqualified audit opinion on the CCG's 2020/21 financial statements.

Key issues

The Annual Report and Accounts is an important tool for the CCG to show how it has used public money and how it can demonstrate its financial management and financial health.

On 14 June 2021, we issued an unqualified opinion on the financial statements. We reported our detailed findings to the 10 June 2021 Audit Committee meeting. We outline below the key issues identified as part of our audit, reported against the significant risks and other areas of audit focus we included in our Audit Plan.

Significant risk	Conclusion
Management override of controls An ever present risk that management is in a unique position to commit fraud because of its ability to manipulate accounting records directly or indirectly, and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.	Overall, our audit work has not identified any issues, inappropriate judgements or unusual transactions which indicate that there has been any material misreporting of the financial position, that revenue or expenditure has been incorrectly recorded or that management has overridden controls.
Risk of fraud in expenditure recognition through key estimates/judgements Our focus is therefore on the recognition of expenditure against the allocations that make up the Revenue Resource Limit. We have identified the key areas of the accounts that are at risk of manipulation by management as year-end accruals of non-pay expenditure (including prescribing and continuing healthcare).	We identified one over-accrual of £1.385 million on Prescribing expenditure due to the actual expenditure coming back lower than management's estimate. Our work on estimates has not identified any significant findings with the estimate approach used. The assumptions used by management have been reasonable with the exception of the area identified above.

Continued over.

Financial Statement Audit (cont'd)

In addition to the significant risks above, we also concluded on the following areas of Inherent Risk and Audit Focus.

Inherent Risk	Conclusion
<p>Misstatements due to fraud or error in relation to management override – classification of Admin and Programme costs</p> <p>We believe that the risk of management override is greatest in respect the reporting of performance against financial targets and forecast year-end financial positions. This includes the split between admin and programme expenditure and the relevant targets disclosed as part of the Department of Health and Social Care Group Accounting Manual (GAM) guidance.</p>	<p>No issues have been identified in the course of our work. The assumptions used by management have been reasonable.</p>
<p>Senior Officer/Remuneration Report Disclosures</p> <p>Given the sensitivity and complexity of the disclosures included in the Remuneration Report and that this is a new CCG, we perceive there to be a risk around disclosure of Senior Officer remuneration & the other Remuneration Report disclosures within the Annual Report & Financial Statements. This relates to the completeness and accuracy of disclosures and potential to omit key details from these disclosures.</p>	<p>We identified a number of disclosure errors in relation to staff numbers and the remuneration tables.</p> <p>We also identified that the Staff Report does not include the 'Staff number analysis by functional categories of employees' as required by the Department of Health and Social Care Group Accounting Manual (GAM).</p> <p>Management have indicated that they are unable to provide an analysis of this type based on the way the payroll system is currently configured.</p> <p>Recommendation: We recommend that the CCG configure a way to provide the necessary information for the 'Staff number analysis by functional categories of employees' and include this analysis within the 2021/22 Staff Report.</p>

Continued over.

Financial Statement Audit (cont'd)

In addition to the significant risks above, we also concluded on the following areas of audit focus.

Other Area of Audit Focus	Conclusion
<p>CCG Merger Accounting</p> <p>NHS Norfolk and Waveney CCG was formed on 1 April 2020 as the result of a merger between NHS Great Yarmouth and Waveney, North Norfolk, Norwich, South Norfolk and West Norfolk CCGs. Department of Health and Social Care Group Accounting Manual (GAM) requires such changes to be accounted for as a 'transfer by absorption' and assets and liabilities received as at the date of transfer to be recognised after taking into account inter company transactions. Our work will ensure the requirements of merger accounting are met.</p> <p>.</p>	<p>We requested that management remove all superfluous comparatives from the revised Annual Report and Accounts.</p> <p>We had no other matters to report.</p>
<p>Going concern disclosures</p> <p>The CCG is required to carry out an assessment of its ability to continue as a going concern for the foreseeable future, being at least 12 months after the date of the approved financial statements. There is a risk that the CCG's financial statements do not adequately disclose the assessment made, the assumptions used and the relevant risks and challenges that have impacted the going concern period.</p>	<p>We challenged the adequacy of the CCG's going concern assessment and its disclosure in the financial statements by:</p> <ul style="list-style-type: none">• Evaluating supporting evidence for indications of bias• Reviewing the CCG's cash management process• Undertaking a 'stand back' review to consider all of the evidence obtained, whether corroborative or contradictory, before drawing our conclusions on going concern. <p>We were satisfied with the adequacy and sufficiency of the disclosures in relation to going concern.</p>

Continued over.

Financial Statement Audit (cont'd)

Audit differences

We identified a limited number of misstatements in disclosures which management corrected.

We identified one audit difference of £1.385 million, in respect of a Prescribing over-accrual, which management chose not to adjust for. Management set out their rationale for the non adjustment within their letter of representation.

Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
Planning materiality	We determined planning materiality to be £28.5 million as 1.5% of operating expenditure reported in the accounts. We consider operating expenditure to be one of the principal considerations for stakeholders in assessing the financial performance of the CCG.
Reporting threshold	We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.3 million.

We also identified the following areas where misstatement at a level lower than our overall materiality level might influence the reader. For these areas we developed an audit strategy specific to these areas. The areas identified and audit strategy applied include:

- ▶ Remuneration disclosures: We audited all disclosures and undertook procedures to confirm material completeness
- ▶ Related party transactions. We audited all disclosures and undertook procedures to confirm material completeness

Section 4

Value for Money



Value for Money

We did not identify any risks of significant weaknesses in the CCG's VFM arrangements for 2020/21.

Scope and risks

We have complied with the NAO's 2020 Code and the NAO's Auditor Guidance Notes in respect of VFM. We presented our VFM risk assessment to the 10 June 2021 Audit Committee meeting which was based on a combination of our cumulative audit knowledge and experience, our review of CCG Governing body and committee reports, meetings with the senior members of the management team and evaluation of associated documentation through our regular engagement with CCG management and the finance team. We reported that we had not identified any risks of significant weaknesses in the CCG's VFM arrangements for 2020/21.

We had no matters to report by exception in the audit report.

Reporting

We completed our planned VFM arrangements work in May 2021 and did not identify any significant weaknesses in the CCG's VFM arrangements. As a result, we had no matters to report by exception in the audit report on the financial statements.

We include within the VFM commentary below the associated recommendation we have agreed with the CCG.

Our VFM commentary highlights relevant issues for the CCG and the wider public.

VFM Commentary

In accordance with the NAO's 2020 Code, we are required to report a commentary against three specified reporting criteria:

- Financial sustainability
How the CCG plans and manages its resources to ensure it can continue to deliver its services;
 - Governance
How the CCG ensures that it makes informed decisions and properly manages its risks; and
 - Improving economy, efficiency and effectiveness:
How the CCG uses information about its costs and performance to improve the way it manages and delivers its services.
-

Introduction and context

We have previously reported to CCGs the VFM work we have undertaken during the year including our risk assessment. The commentary below aims to provide a clear narrative that explains our judgements in relation to our findings and any associated local context.

For 2020/21 the CCG has operated within a NHS Financial Framework that has taken into account the significant impact that the Covid-19 pandemic has had on the NHS as a whole as well as individual providers and commissioners. In addition, the CCG has progressed its partnership working with the local Sustainability and Transformation Partnership and the evolving arrangements for an Integrated Care System, which have included shared financial targets.

We have reflected these national and local contexts in our VFM commentary.

Financial sustainability

1. How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them

The CCG has had the arrangements we would expect to see to enable it to plan and manage its resources to ensure that it can continue to deliver its services.

The CCG was formed on 1 April 2020 by merging five predecessor CCGs. The CCG inherited a positive financial position (cumulative surplus) from the predecessor CCGs, through the absorption accounting mechanism.

As per the Constitution, the Audit Committee reviews the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the CCG's activities that support the achievement of the CCG's objectives. The CCG follow their Risk Management Framework which approved by the Governing Body in July 2020. Risk is reviewed regularly by the Senior Management Team and also the Executive Management Team with risks assessed, rated and agreed for either escalation or removal from the Governing Body Assurance Framework (GBAF). The Audit Committee reviews the risk register to ensure that matters are appropriately reported and that action plans are robust and progress is being made.

The Governing Body meets in public every other month and public papers include the GBAF.

2. How the body plans to bridge its funding gaps and identifies achievable savings

NHS Financial Planning for 2020/21 was put on hold due to Covid-19 and the Covid-19 directions from NHS England (NHSE). Planning for 2021/22 has been performed in line with NHSE guidelines. Primary oversight is the responsibility of the CCG's Governing Body, with delegated authority to the Finance Committee.

Financial sustainability (continued)

In 2020/21, the CCG had originally forecast a £4.9 million deficit. The 2020/21 financial framework was significantly different to the arrangements normally in place, to reflect the Government's commitment that financial constraints should not be an obstacle to the pandemic response. Within this framework, the CCG achieved a surplus of £0.6 million, therefore delivering the statutory duty to break even. The funding arrangements for 2020/21 were adapted in-year to reflect the changing nature of the pandemic. Instead of issuing annual allocations, NHSE issued fixed allocations throughout the year. NHSE reviewed CCG and provider positions on a monthly basis and provided retrospective top up funding to cover any additional reasonable costs incurred so that at the CCG and system partners achieved financial break even at year-end.

The CCG has had the arrangements we would expect to see to enable it to plan and manage its resources to ensure that it can continue to deliver its services.

3. How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

NHSE has confirmed that block payment arrangements will remain in place for relationships between NHS commissioners and NHS providers for the first six months of 2021/22. Signed contracts between NHS commissioners and NHS providers are not required. The CCG has therefore planned a 2021/22 budget which continues to deliver services in line with the health system objectives.

On 6 May 2021, the Norfolk and Waveney Health and Care Partnership submitted a system break-even plan to NHSE for the first half of 2021/22 (H1), this included a break-even position for the CCG. This submission was approved by the Governing Body Chair following discussion with the Finance Committee Chair. This was in line with the delegated approval given at a private Governing Body meeting in April 2021. The final submission was also taken to Governing Body on 25 May 2021.

4. How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system

In advance of the merged CCG launching in April 2020 the Executive Team led by the Accountable Officer created the Strategic Commissioning Strategy to set the aims and objectives of the CCG. The assurance framework and risk register align with these objectives. The CCG Assurance Framework and Risk Register (GBAF) sets out the high level organisational risks that could potentially have an impact on the CCG and its ability to deliver its responsibilities.

Financial sustainability (continued)

Much of the usual NHS planning guidance has been suspended as part of the response to the Covid-19 Pandemic but the CCG has continued to plan in a less formal way. The CCG is a member of the Norfolk and Waveney Health and Care Partnership which, in December 2020, was approved as an Integrated Care System (ICS) by NHS England and Improvement (NHSE/I).

The Partnership bodies are now in the process of transitioning to the ICS and have established an interim ICS Partnership Board. The CCG are currently working on what it thinks the strategic objectives should look like for the ICS in the context of the system, and this was discussed by Governing Body in a private session on 27 April 2021.

The CCG has had the arrangements we would expect to see to enable it to plan and manage its resources to ensure that it can continue to deliver its services.

5. How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans

Ordinarily, the Governing Body will approve the CCG's Financial Plan and associated Savings Plan on an annual basis. The 2020/21 financial framework was significantly different to the arrangements normally in place, to reflect the Government's commitment that financial constraints should not be an obstacle to the pandemic response. The funding arrangements for 2020/21 were adapted in-year to reflect the changing nature of the pandemic. Instead of issuing annual allocations, NHSE issued fixed allocations throughout the year. NHSE reviewed CCG and provider positions on a monthly basis and provided retrospective top up funding to cover any additional reasonable costs incurred so that at the CCG and system partners achieved financial break even at year-end.

The responsibility for monitoring this has been delegated to the Finance Committee. The Finance Committee supports the Governing Body in scrutinising and tracking delivery of key financial and service priorities, objectives and targets as specified in the CCG's Strategic and Operational Plans. The Committee also submits information as appropriate to the Audit Committee and provides advice to the Governing Body on strategic financial matters. The Finance Committee met ten times during the period and their work included review of the annual budget, monitoring the CCG's financial standing in-year and recommending corrective action to the Governing Body when year-end forecasts suggest that the financial plan will not be achieved, receiving detailed reports at each meeting concerning the CCG's financial performance and scrutinising the Finance Directorate's Risk Register.

The CCG has had the arrangements we would expect to see to enable to make informed decisions and properly manage its risks.

Governance

The CCG's governance arrangements for 2020/21 have taken into account NHSE/Is 28 March 2020 guidance entitled "Reducing the burden and releasing capacity at NHS providers and commissioners to manage the COVID-19 pandemic".

1. How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

The CCG maintains its risk register as part of the Governing Body Assurance Framework (or GBAF). The Audit Committee scrutinise the underpinning processes behind the GBAF and seek assurances on the effectiveness of controls from senior managers to ensure that matters are appropriately reported and that action plans are robust and progress is being made. In addition, the Audit Committee has the role of reviewing the establishment and maintenance of an effective system of integrated governance, risk management and internal control across the CCG's activities. We note that these risk reviews are performed, and are also reviewed at Governing Body, which is evidence of governance level review of organisational risk. As such we can see that the entity has procedures in place to review and address risk.

Internal audit is part of the CCGs governance and risk assessment structure, and is outsourced to a third party firm (TIAA). Internal Audit provide regular reports to the Audit Committee on key areas as set out in its audit plan. This plan was formally agreed by the Audit Committee in July 2020, following a review of the draft plan in April 2020, which required revision to take account of the emerging Covid-19 pandemic. It has subsequently been updated as necessary during the year. As part of the internal audit process the CCG responds to audit recommendations and findings and agrees the actions it will take to secure improvement in its processes.

The CCG has in place a programme of counter fraud and anti-bribery activity, supported by the accredited Anti-Crime Specialist (ACS) whose work plan to address identified risks was monitored by the Chief Finance Officer and the Audit Committee. The Chief Finance Officer is the first point of contact for any issues to be raised by the Counter Fraud Specialist (provided by TIAA). Online Fraud, Corruption and Bribery Act awareness training has been made mandatory for all CCG staff. The ACS attends CCG Audit Committee meetings to provide progress reports and updates, as well as providing an Annual Report of the Counter Fraud Work undertaken.

Governance (continued)

2. How the body approaches and carries out its annual budget setting process

The CCG is required to set a balanced budget in line with NHS England guidance. As part of the response to the pandemic, the NHS has suspended its normal financial planning procedures and indeed the CQC inspection process. In 2020/21 the CCG had originally forecast a £4.9 million deficit. However, the funding arrangements for 2020/21 have been adapted in-year to reflect the changing nature of the pandemic. Instead of issuing annual allocations, NHS England issued fixed allocations throughout the year. NHSE reviewed CCG and provider positions on a monthly basis and provided retrospective top up funding to cover any additional reasonable costs incurred so that at the CCG and system partners achieved financial break even at year-end.

On 6th May 2021, the NWHCP submitted a system break-even plan to NHSE/I for the first half of 2021/22 (H1), this included a break-even position for the CCG. This submission was approved by the Governing Body Chair following discussion with the Finance Committee Chair. This was in line with the delegated approval given at a private Governing Body meeting in April 2021. The final submission was also taken to Governing Body on 25 May 2021.

The CCG has had the arrangements we would expect to see to enable it to plan and manage its resources to ensure that it can continue to deliver its services.

3. How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed

The Governing Body is accountable for ensuring that the CCG has mechanisms in place to ensure that the organisation uses its resources economically, efficiently, and effectively.

The merger of the five Norfolk and Waveney CCGs has enabled efficiency savings to be made, with the single management team structure reducing duplication and ensuring that expertise and knowledge is shared. Budgets are set and approved at very senior levels in the organisation to maintain a firm grip on the CCG's financial management.

The Finance Committee scrutinises the annual budgets and medium-term financial plans prior to agreement by the Governing Body and monitors delivery of financial standing in-year, including delivery of the productivity plan, to ensure that the CCG meets its financial statutory duties.

In February 2021, as requested by the Audit Committee, the Director of Commissioning Finance presented a 'Financial Controls Deep Dive' report to the Committee to provide an overview of the key areas of finance, the controls in operation, and assurance on those controls.

Governance (continued)

4. How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee

Primary oversight is the responsibility of the CCG's Governing Body, with some delegated responsibilities (such as Integrated governance, risk management and internal control) to the Audit Committee as per the Scheme of Reservation and Delegation in the CCG's Constitution.

The Audit Committee has scheduled a formal annual review of their performance and effectiveness for July 2021, which included a response from Internal Audit. The Audit Committee has debriefed after meetings to ensure that it is operating as effectively as possible given the circumstances prevalent across the year.

We note that due to the Covid pandemic the CCG has not held a formal Council of Members meeting from 1 April 2020 up to the date of submission of the Annual Report on 15 June 2021. This has been disclosed appropriately within the CCG's Annual Report.

The Governing Body has met six times in public (by virtual means) over the last year including the Annual Meeting. In addition, due to the Covid-19 pandemic, the Governing Body has had an additional and frequent cycle of business to support the incident response. The Governing Body completed a self-assessment of its own performance and effectiveness during March 2021. The findings from the self-assessment were that the Governing Body was effective during 2020/21 and no significant issues were raised.

5. How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests)

CCG policies are reviewed in line with current legislation, from a best practice and from a counter fraud perspective. Details of all policies, procedures and key documents reviewed are reported to the Audit Committee.

Internal Audit completed a 'Conflicts of Interest' audit in November 2020. The finding from this audit was that reasonable assurance could be provided on the CCG's management of Conflicts of Interest. The CCG was fully compliant regarding decision making processes and contract monitoring, reporting concerns and identifying and managing breaches and non-compliance. Areas that were partially compliant concerned processes and registers for declaring interests, gifts, hospitality and procurement decisions

The CCG maintains 'Registers of Interests' for Governing Body and Committee members, all staff and member practice GP partners. The registers are usually updated throughout the year. Due to the impact of Covid-19, however, and with the re-deployment of staff in to key roles to support the pandemic it has not been possible to fully maintain the Registers this year. This means that the Registers for Governing Body and Committee members is maintained, but the Registers for GP partners and staff is not up to date. However, there were no decisions taken in year by the Council of Members so no such conflicts arose.

The CCG has had the arrangements we would expect to see to enable it to plan and manage its resources to ensure that it can continue to deliver its services.

Improving economy, efficiency and effectiveness

1. How financial and performance information has been used to assess performance to identify areas for improvement

The Finance Committee supports the Governing Body in scrutinising and tracking delivery of key financial and service priorities, objectives and targets as specified in the CCG's Strategic and Operational Plans. The Committee also submits information as appropriate to the Audit Committee and provides advice to the Governing Body on strategic financial matters. The Finance Committee met ten times during the period and their work included review of the annual budget, monitoring the CCG's financial standing in-year and recommending corrective action to the Governing Body when year-end forecasts suggest that the financial plan will not be achieved, receiving detailed reports at each meeting concerning the CCG's financial performance and scrutinising the Finance Directorate's Risk Register.

The CCG continues to learn and develop its approach to risk management, drawing on best practice and recommendations from Internal Audit.

The CCG has had the arrangements we would expect to see to enable it to use information about its costs and performance to improve the way it manages and delivers services.

2. How the body evaluates the services it provides to assess performance and identify areas for improvement

The CCG established the 'Quality and Performance Committee' to seek assurance that robust clinical quality is in place. The Quality and Performance Committee is accountable to the Governing Body. The Committee provides the Governing Body with assurance in relation to the quality and safety of its commissioned services and the internal process to support safe, effective, and continuous improvement in services.

The focus for the CCG in 2020/21 has been the Covid-19 pandemic. The CCG has played an integral role in co-ordinating the system wide response to the pandemic. In accordance with national direction and the CCG's emergency preparedness processes, NHS Norfolk and Waveney established a Covid-19 Incident Control Centre (ICC) effective from March 2020. The ICC has been the single point of contact into the CCG for all matters relating to Covid-19 both locally, regionally and nationally.

Improving economy, efficiency and effectiveness (continued)

3. How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve

Health and care systems nationally are moving from working in a Sustainable Transformation Partnership (STP) to Integrated Care Systems (ICS). A white paper has been produced which proposes to put ICSs on to a formal legal basis from April 2022.

The CCG is an active member of the Norfolk and Waveney Health and Care Partnership which, in December 2020, was confirmed as an Integrated Care System, or ICS, by NHS England and Improvement (NHSE/I). The Partnership bodies are now in the process of transitioning to the ICS and have established an interim ICS Partnership Board. It was intended that a full ICS Partnership Board be established from April 2021. However, due to the operational pressures caused by the Covid 19 Pandemic, it has been agreed that an interim Partnership Board would be put in place to carry out some of the functions of the full Partnership Board until this could be established.

The Partnership Board aims to bring key NHS, social care and public health partners together, to ensure the commitment of those with statutory responsibilities and funding. This with a common purpose of the triple aim of improving health outcomes and reducing unwarranted health inequalities, ensuring safe, high quality services; and securing sustainable use of NHS resources.

The CCG faces further challenge and change beyond 2021 which will form part of our 2021/22 VFM arrangements work.

4. How the body ensures that commissioning and procuring services is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits

It has been an exceptional year due to the Covid pandemic and in accordance with the guidance from NHS England much of the routine reporting and monitoring of activity has been halted.

The CCG has processes in place for ensuring that procurement is carried out in accordance with the CCG Scheme of Reservation and Delegation and the NHS Constitution (including tender waivers where appropriate). Agreements that have been put in place with providers and suppliers during the Covid pandemic response have been approved under the tender waiver process. Tender waivers require approval by Accountable Officer or Chief Finance Officer, and are reported to Audit Committee for information.

Contracts are reported to the CCG through the Contracts and Procurement Steering Group which was reinstated in January 2021 and are captured in the Register of Procurement Decisions. Contracts are drafted and signed off in accordance with the Scheme of Reservation and Delegation.

Improving economy, efficiency and effectiveness (continued)

The CCG faces further challenge and change beyond 2021 which will form part of our 2021/22 VFM arrangements work.

Contracts are reported to the CCG through the Contracts and Procurement Steering Group which was reinstated in January 2021 and are captured in the Register of Procurement Decisions. Contracts are drafted and signed off in accordance with the Scheme of Reservation and Delegation.

Contracts are prepared by contract managers and reviewed by a senior member of the contracting team.

The monitoring of contract performance has been restricted as a result of Covid but the CCG still review provider reports at the Contract & Performance Steering Group and a small number of Provider/Commissioner meetings have continued.

Internal Audit performed an assurance review of procurement and the contract register during the period which received reasonable assurance.

Recommendations.

Recommendations

As a result of the VFM procedures we have not made any recommendations.

The CCG faces further challenge and change beyond 2021 which will form part of our 2021/22 VFM arrangements work.

Forward look

Looking forward to 2021 and beyond, the CCG is taking steps towards becoming an Integrated Care System (ICS). The ICS application was approved in December 2020 and means the CCG is now in the process of transitioning to the ICS.

Integrated Care Systems are new partnerships, set out in the NHS Long Term Plan, between health, care and voluntary organisations, and the local community, across an area. They will coordinate services with the aim of improving population health and reducing inequalities between different groups.



Section 5

Other Reporting Issues

Other Reporting Issues

Department of Health and Social Care /NHSI England Group Instructions

We reported to the National Audit office (NAO) on 14 June 2021 the outcomes of our review of your CCG's Accounts Consolidation Schedules conducted under the group instructions issued by the NAO. We did not identify any areas of concern.

Governance Statement

We are required to consider the completeness of disclosures in the CCG's governance statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it complies with relevant guidance.

We completed this work and did not identify any areas of concern.

Breach of revenue resource limit and referral to Secretary of State and NHS England

We must report to the Secretary of State any matter where we believe a decision has led to, or would lead to, unlawful expenditure, or some action has been, or would be, unlawful and likely to cause a loss or deficiency. We had no exceptions to report.

Report in the Public Interest

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the CCG or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

Other powers and duties

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

Control Themes and Observations

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control identified during our audit.

We have adopted a fully substantive approach and have therefore not tested the operation of controls.

We had no matters to report.

Appendix A

Audit Fees



Audit Fees

Our fee for 2020/21 is in line with the audit fee agreed and reported in our 9 June 2021 Annual Results Report.

Description	Final Fee 2020/21 £'s	Planned Fee 2020/21 £'s
Statutory Audit Fee	129,264	129,264
Whole of Government Accounts (WGA) - Additional audit procedures as a NAO sampled component (Note 1)	4,500	TBC
Additional audit procedures relating to Going Concern consultation (Note 2)	2,000	N/A
Total non-audit services	135,764	TBC

Note 1

The CCG has been selected by the NAO as a sampled component within the NAO's Group Instructions. As a result, we are required to undertake additional procedures for 2020/21. This work was not included within the Statutory Code Audit Fee quoted as part of our appointment and therefore resulted in an additional fee.

Note 2

Additional EY consultation requirements concerning the impact on auditor reporting. We have consulted internally as required by our Risk Management approach in relation to Going Concern reporting, this was outside the scope of our original audit plan and has therefore resulted in an additional audit fee.

We confirm we have/have not undertaken any non-audit work.

We have adopted the necessary safeguards in our completion of this work and complied with Auditor Guidance Note 1 issued by the NAO.

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