

Governing Body (public) meeting

DATE: 21 May 2015

Title	Draft Annual Accounts 2014-15 Submission
Recommended action for the Governing Body	<p>That the Governing Body:</p> <ul style="list-style-type: none"> • NOTE the submission of the 2014-15 draft accounts in accordance with the national timetable; • NOTE the achievement of all the required financial targets in 2014-15; • NOTE final audited submission of accounts to be made at the end of May following approval from AIAC.
Executive summary	<p>This paper accompanies the draft 2014/15 annual accounts which the Governing Body are asked to note was submitted on 23/04/2015 in line with the national timetable. The constitution has been amended in year to delegate the approval of the accounts submission from the Primary Care Advisory Group (PCAG) to the Audit & Integrated Assurance Committee (AIAC). The final version of the accounts will be presented to the June FSC and July Governing Body meeting.</p> <p>The CCG met all of its statutory duties in 2014/15 as can be seen in the paper attached, The draft accounts is also attached at Appendix 1.</p> <p>This is the second year of the CCG and the accounts have been prepared on the same basis as last year, which requires the trial balance to be uploaded into a spreadsheet. This, in the main, maps all the codes to the correct lines within the accounts. This mapping is agreed at a national level to ensure consistency and to assist in the national consolidation process. Both the CCG finance team and the CSU ARC team have then validated the mappings and, where required, journalled items to the correct codes to enable the mapping to work correctly. This task has been made much easier this year, due to the toolkit which has been in place for the second half of the year. This shows which items are coded incorrectly and NHS England require these to be corrected on a monthly basis.</p>

Clinical Commissioning Group

	<p>This is the first year that the CCG has been able to present comparative figures in the accounts. A high level analytical review has been undertaken to look at any large movements and have an explanation for the audit team.</p> <p>The main achievements/items to note in 2014/15 are detailed in the paper attached to this report.</p> <p>The auditors began their work on Monday 27th April and will be on site both at the CCG and the CSU. During the audit any issues will be discussed with the CCG and any adjustments required to the accounts will be made during the adjustment period, when the ledger is opened again for a limited period. The adjustments will be discussed and approved at the May AIAC meeting when the committee will also receive from the auditors a “report to those charged with governance”. This will detail both the agreed changes and any requests for changes where the CCG has declined to make the changes (this is likely to be where the change requested is immaterial).</p> <p>Following the May AIAC meeting, the final submission of the 2014/15 accounts will be made in accordance with the national timetable.</p>	
Which objective does this paper support?	Patients: Improve the health and wellbeing of people in Bexley in partnership with our key stakeholders	N/A
	People: Empower our staff to make NHS Bexley CCG the most successful CCG in (south) London	N/A
	Pounds: Delivering on all of our statutory duties and become an effective, efficient and economical organisation	✓
	Process: Commission safe, sustainable and equitable services in line with the operating framework and which improves outcomes and patient experience	✓
Organisational implications	Key risks <small>(corporate and/or clinical)</small>	Key risks relating to the draft financial accounts are that the auditors will find an error in the accounts which would result in the CCG posting a deficit or that the auditors qualify the accounts if there is insufficient information to substantiate the numbers or something has been accounted for incorrectly. It is thought

Clinical Commissioning Group

		these risks are unlikely to materialise.
	Equality and diversity	N/A
	Patient impact	N/A
	Financial	The CCG posted a surplus of £151k compared to the planned surplus of £126k, therefore, the CCG may only get back the £126k planned figure in 2015/16 rather than the £151k posted.
	Legal issues	N/A
	NHS constitution	N/A
Consultation (public, member or other)	N/A	
Audit (considered/ approved by other committees/groups)	The full draft accounts have been discussed at the Audit & Integrated Assurance Committee .This report has been to the Finance Sub-Committee.	
Communications plan	N/A	
Author	Julie Witherall Assistant Director of Financial Management	
	Clinical Lead	Executive Sponsor
	Dr Sid Deshmukh Finance Lead	Theresa Osborne Chief Financial Officer
Date	27 April 2015	



Draft Annual Accounts 2014/15 Submission

Introduction

This paper accompanies the draft 2014/15 annual accounts which the committee are asked to note was submitted on 23/04/2015 in line with the national timetable. The constitution has been amended in year to delegate the approval of the accounts submission from Primary Care Advisory Group (PCAG) to the Audit & Integrated Assurance Committee (AIAC). The final version of the accounts will be presented to the June FSC and July Governing Body meeting.

This is the second year of the CCG and the accounts have been prepared on the same basis as last year, which requires the trial balance to be uploaded into a spreadsheet. This, in the main, maps all the codes to the correct lines within the accounts. This mapping is agreed at a national level to ensure consistency and to assist in the national consolidation process. Both the CCG finance team and the CSU ARC team have then validated the mappings and, where required, journalled items to the correct codes to enable the mapping to work correctly. This task has been made much easier this year, due to the toolkit which has been in place for the second half of the year. This shows which items are coded incorrectly and NHS England require these to be corrected on a monthly basis.

Briefing on 2014/15 Accounts

The CCG met all of its statutory duties in 2014/15 as can be seen in the following extracts from the accounts.

23 Financial performance targets

NHS Bexley CCG has a number of financial duties under the NHS Act 2006 (as amended).

NHS Bexley CCG performance against those duties was as follows:

	2014-15 Target £'000	2014-15 Performance £'000	2014-15 Variance £'000	Duly achieved in 2014-15	2013-14 Target £'000	2013-14 Performance £'000	2013-14 Variance £'000
Expenditure not to exceed income	(273,807)	(273,656)	151	Yes	(260,592)	(260,466)	126
Capital resource use does not exceed the amount specified in Directions	(190)	(177)	13	Yes	0	0	0
Revenue resource use does not exceed the amount specified in Directions	(268,969)	(268,848)	121	Yes	(254,932)	(255,863)	(931)
Capital resource use on specified matter(s) does not exceed the amount specified in Directions	0	0	0		0	0	0
Revenue resource use on specified matter(s) does not exceed the amount specified in Directions	0	0	0		0	0	0
Revenue administration resource use does not exceed the amount specified in Directions	(4,838)	(4,808)	30	Yes	(5,660)	(4,603)	1,057

6.1 Better Payment Practice Code

Measure of compliance

Non-NHS Payables

	2014-15 Number	2014-15 £000	2013-14 Number	2013-14 £000
Total Non-NHS Trade invoices paid in the Year	6,820	33,699	5,927	28,244
Total Non-NHS Trade Invoices paid within target	6,679	32,352	5,677	26,127
Percentage of Non-NHS Trade invoices paid within target	97.93%	96.00%	95.78%	92.50%

NHS Payables

	2014-15 Number	2014-15 £000	2013-14 Number	2013-14 £000
Total NHS Trade Invoices Paid in the Year	2,613	217,203	1,840	195,800
Total NHS Trade Invoices Paid within target	2,545	216,013	1,722	192,957
Percentage of NHS Trade Invoices paid within target	97.40%	99.45%	93.59%	98.55%

This is the first year that the CCG has been able to present comparative figures in the accounts and a high level analytical review has been undertaken to look at any large movements and have an explanation for the audit team.

The main achievements/items to note in 2014/15 are as follows:

- The page numbers and signatures will be completed for the final submission when the audit statements etc. have been inserted into the accounts. It is acceptable to submit with this being incomplete at draft stage;
- There is an underspend on the running cost allowance which has funded an overspend in programme costs which is allowable;
- The CCG managed within its maximum cash drawdown limit;
- The CCG has a negative balance sheet due to the fact it has few assets and the creditor balances exceed the level of assets held;
- Governing Body members were advised of the Greenbury requirements (remuneration report in the annual report) and also Related Party Transactions by e-mail from the CFO in order to improve their awareness of the information going into the public domain;
- All mismatches with other CCGs and NHS England have been resolved, with the exception of the treatment of the TSA payment, as the provision was made in last year and so the I & E costs were in the CCG's 2013/14 books, whereas for NHS England the income is in their 2014/15 books. This is an issue for all 6 South East London CCGs and contact has been made with NHS England who are satisfied that this is a timing issue.
- This year many of the nil return notes have been removed from the accounts to make them more meaningful for members of the public;
- The accounting policies have been updated to reflect the local position and these were agreed at the last AIAC meeting;
- Note 4.3 sickness and absence has not been completed as the information will not be available from NHS England until mid-May in time for the final submission;
- Note 6.1 - The BPPC target has been met overall;
- Expenditure on capital was within the capital allocation given. £99k was spent on cabling works which has been added to the fixed asset register in year (Note 9) and £78k for the telephony system remaining within assets under construction (note 9.1), as this is not yet in operational use;

- Note 8.1 – As the CCG has not yet signed the lease for the use of 221 Erith Road with NHS Property Services Ltd, it is only required to show the payments recognised as an expense in year;
- Note 10 - Level of debt has significantly reduced in 2014/15;
- Note 10.1 – Value of debt subsequently recovered will be completed prior to the final submission;
- Note 10.2 - No bad debt provision has been made as agreed at the last AIAC;
- Note 11 - The CCG has a positive cash balance in 2014/15 and this position has been managed within the year end requirement of a balance of no more than £250k per the de minimis level in the accounts directions;
- Note 12 - Level of creditors has also reduced in year;
- Note 13 - The provision for the Trust Special Administrator work which was included in the accounts last year has been paid and the only provision in this year's accounts relates to the post legacy CHC retrospective review claims;
- Note 14 - The CCG has also declared a small contingent liability of £18k in respect of a potential post legacy CHC retrospective review claim;
- Note 18 - The CCG does not have any pooled budgets in place in 2014/15, but reference has been made to the fact that there will be a pooled budget in place from 2015/16 in respect of the Better Care Fund;
- Note 20 - The related party transaction note is based upon those having a value of shareholding over 20% per the latest guidance, in addition we have reported on the main public sector organisations with whom we have had transactions during the year;
- Note 23 – The CCG has recorded a surplus of £151k compared to the plan of £126k;
- There are no differences between the accounts and ISFE (the general ledger). A consistency statement will be submitted with the final version of the accounts to this effect and this will be signed by Theresa Osborne and Sarah Blow.

Next Steps

The auditors began their work on Monday 27th April and will be on site both at the CCG and the CSU. During the audit any issues will be discussed with the CCG and any adjustments required to the accounts will be made during the adjustment period, when the ledger is opened again for a limited period. The adjustments will be discussed and approved at the May AIAC meeting when the committee will also receive from the auditors a “report to those charged with governance”. This will detail

both the agreed changes and any requests for changes where the CCG has declined to make the changes (this is likely to be where the change requested is immaterial).

Following the May AIAC meeting, the final submission of the 2014/15 accounts will be made in accordance with the national timetable.

The final version of the 2014-15 accounts will be presented to the June FSC and July GB meeting.