



cutting through complexity

NHS Rotherham Clinical Commissioning Group

ISA 260 Audit Highlights Memorandum

2013/14

28 May 2014

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This report is addressed to Rotherham ('the CCG') and has been prepared for your use only. We accept no responsibility towards any member of staff acting on their own, or to any third parties. The Audit Commission has issued a document entitled to Statement of Responsibilities of Auditors and Audited Bodies. This summarises where the responsibilities of auditors begin and end and what is expected from the CCG. We draw your attention to this document.

External auditors do not act as a substitute for the CCG's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Neil Bellamy, who is the engagement lead to the CCG or Trevor Rees (0161 246 4063 / trevor.rees@kpmg.co.uk), that national contact partner for all of KPMG's work with the Audit Commission. After this, if you are still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. You can contact the Complaints Unit by phone (0303 444 8330), by email (complaints@audit-commission.gsi.gov.uk), through the Audit Commission website (www.audit-commission.gov.uk/aboutus/contactus), by textphone/ minicom (020 7630 0421), or via post to The Private Secretary, Controller of Audit's Office, Audit Commission, 3rd Floor Fry Building, 2 Marsham Street, London, SW1P 4DF.

Background

International Standard on Auditing (ISA) 260 requires us to provide a summary of the work we have carried out to discharge our statutory audit responsibilities to those charged with governance at the time they are considering the financial statements. ISA 550 requires us to communicate with those charged with governance, unless they are all involved in managing the entity, significant matters arising during the audit in connection with the entity's related parties. This report summarises the key issues we have identified during our audit of the financial statements to date and will be presented to the Audit and Quality Assurance Committee on 21 May 2014.

As auditors we have a responsibility for forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Accounts	<p>We audit the financial statements and give our opinion as to whether they give a true and fair view of the CCG's financial position and its expenditure and income. We also certify whether they have been prepared in accordance with relevant accounting policies directed by the Secretary of State in England and with the guidance provided in NHS England's CCG Annual Reporting Guidance (ARG). In addition we give an opinion as to whether the content of the Annual Report is consistent with the statements and whether the part of the Remuneration Report that is required to be audited has been properly prepared. We also conduct a high level review of the Annual Governance Statement (AGS) and consider whether it is consistent with the financial statements and complies with relevant guidance.</p> <p>The CCG is responsible for putting into place systems of internal control to ensure the regularity and lawfulness of transactions, to maintain proper accounting records and to prepare financial statements that give a true and fair view of its financial position and its expenditure and income.</p>
Use of resources	<p>The CCG is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources and regularly reviewing their adequacy. Our responsibility is to satisfy ourselves that you have proper arrangements in place by reviewing and, where appropriate, examining relevant evidence and reporting on these arrangements. We are required to provide an opinion on the regularity of transactions prescribed by the Code. In our opinion, in all material respects, expenditure and income have been applied to the purposes intended by parliament and the financial transactions conform to the authorities which govern them.</p>
Audit certification	<p>We are also required to certify that we have completed the audit of the CCG's financial statements in accordance with the requirements of the Audit Commission's Code of Audit Practice (the Code). If there are any circumstances under which we cannot issue a certificate, the we must report this to those charged with governance.</p>

Structure of report

This report is structured as follows:

- Section 2 summarises the headline messages.
- Section 3 outlines our findings and conclusion on the UoR work.
- Section 4 sets out our findings on the audit of the financial statements.

The table below summarises the work we have completed throughout the year and the results of the audit.

Accounts, unadjusted audit differences and management representations	<ul style="list-style-type: none"> ■ We intend to issue an unqualified audit opinion on the accounts following the Governing Body adopting the accounts and receipt of the management representation letter. ■ We have completed our audit of the financial statements. We have also read the content of the Annual Report (including the remuneration report) and reviewed the AGS. Our key findings are: <ul style="list-style-type: none"> – There are no unadjusted audit differences. – We have agreed some minor presentational changes to the accounts with management
Use of resources	<ul style="list-style-type: none"> ■ Based on the findings of our work, we concluded on whether there are any matters arising from our value for money work that we need to report in. We have concluded that there are no matters to report for the CCG
Audit certification	<ul style="list-style-type: none"> ■ We are required to certify that we have completed the audit of the CCG's financial statements in accordance with the requirements of the Code. If there are any circumstances under which we cannot issue a certificate, then we must report this to those charged with governance. There are no issues that would cause us to delay the issue of our certificate of completion of the audit.
Recommendations	<ul style="list-style-type: none"> ■ No recommendations were carried forward from predecessor bodies to the CCG ■ We have made one recommendation as a result of our 2013/14 audit work. The recommendation is: <ul style="list-style-type: none"> – The CCG should ensure that the Constitution reflects the actual situation with regard to the staff code of conduct.
Whole of Government Accounts	<ul style="list-style-type: none"> ■ We intend to issue an unqualified Group Audit Assurance Certificate to the National Audit Office (NAO) regarding the Whole of Government accounts (WGA) submission.

The table below summarises the work we have completed throughout the year and the results of the audit.

Public Interest Reporting	<ul style="list-style-type: none"> ■ We have a duty to refer any matter to the Secretary of State if we have a reason to believe that 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. We also have a duty to consider whether, in the public interest, to report any matter that comes to our attention in order for it to be considered by the CCG or brought to the attention of the public. ■ There are no matters in the public interest that we wish to raise at this time.
Fraud	<ul style="list-style-type: none"> ■ We have a responsibility to consider fraud and we addressed this in our assessment of your controls framework. We also reviewed your arrangements for the prevention and detection of fraud and corruption, alongside our use of resources work. ■ This work is complete and has not identified any matters which we wish to draw to your attention. ■ Management override of controls: Professional standards require us to communicate the fraud risk from management override of controls as management are typically in a unique position to perpetrate fraud because of its ability to manipulate accounting records or override controls. In line with our audit methodology, we have performed appropriate controls testing and substantive procedures, including over journal entries, accounting estimates and identify any significant transactions that are outside the normal course of business or otherwise unusual. Based on our work, we have not identified any specific instances of management override relating to this audit.

Introduction

We have a responsibility to satisfy ourselves that you have put in place proper arrangements to secure economy, efficiency and effectiveness in your use of resources. In meeting this responsibility we are required to review and, where appropriate, examine evidence and report on your overall governance, corporate performance management and financial management arrangements.

The Code requires us to specifically consider three prime sources of evidence (the AGS, work of the Audit Commission and other regulators, and any other work we identify as relevant) and reach a conclusion on the robustness of your arrangements in order to issue an unqualified audit certificate.

Element of Work		Key Findings
Annual Governance Statement	We review your AGS to confirm whether it is consistent with our understanding of your operations.	We reviewed the 2013/14 draft AGS and have taken into consideration the work of internal audit. We confirm that the AGS reflects our understanding of the CCG's operations and risk management arrangements.
Work of other regulators	We consider the work of the Audit Commission and other relevant regulatory bodies, to determine if their work has an impact on our responsibilities.	We have ensured that the outcomes of any reviews by the Audit Commission and other regulatory bodies have been considered when developing the scope of our work.
Other work	We perform other work that we regard as necessary to enable us to conclude on whether you have effectively, efficiently and economically exercised your functions.	We did not consider it was necessary to perform other work in order to conclude our opinion on the CCG's use of resources in 2013/14.

Proposed Value for Money conclusion

As a result of our work, we can conclude that there are no matters arising from our value for money work that we need to report for the year ending 31 March 2014.

To review your financial statements we perform tasks split between those which are undertaken before, during and after the accounts production. These are summarised below:

Work Performed	Accounts production stage		
	Before	During	After
1. Business Understanding: review your operations.	✓	✓	–
2a. Controls: Assess the control framework (controls operated by the CCG)	✓	–	–
2b. Controls: Assess the control framework (controls operated by the CSU)	✓	–	–
2c. Controls: Assess the control framework (controls operated by other third parties)	✓	–	–
3. Prepared by Client Request (PBC): Issue our prepared by client request.	✓	–	–
4. Accounting standards: Agree the impact of any new accounting standards.	✓	✓	–
5a. Accounts Production: Review the accounts production process (as performed by the CCG)	✓	✓	✓
5b. Accounts Production: Review the accounts production process (as performed by the CSU)	✓	✓	✓
6. Testing: Test and confirm material or significant balances and disclosures.	–	✓	–
7. Representations and opinions: Seek and provide representations before issuing our opinions.	✓	✓	✓

We have substantially completed the first six stages of the process. We report our key findings from each stage in the remainder of this section.

Business Understanding	<ul style="list-style-type: none"> ■ In our 2013/14 audit plan we assessed your current operations to identify significant issues that might have a financial consequence. ■ We have provided an update on the key accounts audit issues on page 10.
Assessment of the Control Framework (CCG operated)	<ul style="list-style-type: none"> ■ We have assessed the effectiveness of your key financial system controls in place that prevent and detect material fraud and error. We found that the financial controls on which we seek to place reliance are operating effectively. The only issue we identified was in relation to journal entries where we were unable to confirm that a segregation of duties is enforced at SBS when inputting journals received from the CSU. In theory this means that an individual is able to raise a journal and post it to the system without review. The CCG has now introduced a control whereby journals entered by SBS on behalf of the CSU are subject to retrospective review by the local team. ■ We have reviewed all internal audit reports completed by 360 Assurance and followed up any matters that are considered to impact on our audit responsibilities. In line with our expectations, the internal audit function review and test the design and operating effectiveness of a controls in place over the systems agreed in the annual audit program.

<p>Assessment of the Control Framework (CCG operated) (continued)</p>	<ul style="list-style-type: none"> ■ As part of our work on understanding the CCG's overall control framework, we considered the Organisation's policies and procedures. ■ We noted the CCG's Constitution incorporates the staff code of conduct, referring to the Nolan Principals and a policy for declaring interests (paragraphs 9.9 and 9.10). The Constitution also refers to a policy on business conduct (paragraph 8.1.2). However, neither the policy for declaring interests or the policy on business conduct are available in the policies section of the CCG's website. ■ A recommendation to address this control issue is included in Appendix A.
<p>Assessment of the Control Framework (CSU and third party operated)</p>	<ul style="list-style-type: none"> ■ As part of our external audit work, we have considered the matters set out in ISAE 3402 'Assurance Reports on Controls at a Service Organisation' relating to NHS Shared Business Services. There are no issues from this work which we wish to raise with you. ■ We have reviewed the ISAE 3402 report in respect of the CSU and noted the deficiencies in controls that it raised. We also note that the CSU is working to rectify any gaps in control and keeping the CCG aware of progress. We therefore tailored our initial audit approach so that it was not reliant on the operation of key controls at the CSU. NHS West and South Yorkshire and Bassetlaw.
<p>Prepared by Client (PBC) Request</p>	<ul style="list-style-type: none"> ■ We produced this document to summarise the working papers and evidence we asked you to collate as part of the preparation of the financial statements. ■ We discussed our request with the Chief Finance Officer and this was issued as a final document to the finance team. ■ The quality of documentation received in response to the PBC request was good.
<p>Accounting Standards and Accounting Policies</p>	<ul style="list-style-type: none"> ■ We worked with you to understand the changes to accounting standards and other technical issues. ■ We review your accounting policies and consider the extent to which the Annual Report and Accounts have been prepared accordance with the directions issued by NHS England and the requirements laid out in the Department of Health's <i>Manual for Accounts</i> and the <i>CCG Annual Reporting Guidance</i>. The CCG adopted the full accounting policies as outlined by the DH and CCG accounting guidance. ■ The key areas we have identified in relation to accounting standards and accounting policies which have been considered in detail in the audit are recorded on page 11.

Accounts Production	<ul style="list-style-type: none"> ■ We received complete draft accounts on 22 April 2014 in accordance with the Department of Health’s deadline. There were some minor presentational amendments made to these accounts before the audit started. However, none of these amendments significantly hindered the progress of the audit. ■ The accounting policies, accounting estimates and financial statement disclosures are in line with the requirements of NHS England’s Annual Reporting Guidance. <ul style="list-style-type: none"> – Significant estimates have been made in relation to healthcare contracts and prescribing expenditure (See page 12) ■ Once the audit has been completed, we will debrief with the finance team to share views on the final accounts audit. Hopefully this will lead to further efficiencies in the 2014/15 audit process. ■ The CCG’s finance staff were available throughout the audit visit to answer our queries as they arose. ■ We thank the finance team for their co-operation throughout the visit which allowed the audit to progress smoothly and complete within the allocated timeframe.
Testing	<ul style="list-style-type: none"> ■ During the audit we have not identified any unadjusted audit differences. ■ We identified one issue which has been adjusted. This is summarised in Appendix B. ■ Our findings related to areas of audit focus are shown on page 10.
Representations and Opinions	<ul style="list-style-type: none"> ■ You are required to provide us with representations on specific matters such as the CCG’s financial standing and whether the transactions in the accounts are legal and unaffected by fraud. We provided a draft of this representation letter to the Chief Finance Officer on 14 May 2014. ■ We draw your attention to the requirement in our representation letter for you to confirm to us that you have disclosed all relevant related parties to us. ■ Our representations letter is due to be formally considered by the Governing Body on 4 June 2014.

Other Matters

- We are required under ISA 260 to communicate to you any matters specifically required by other auditing standards to be communicated to those charged with governance; and any other audit matters of governance interest.
- We have identified the following other matters to report:
 - Opening balances – Following the demise of PCTs and SHAs on 31 March 2013, the Department of Health issued an accounts direction which determined where assets and liabilities from these bodies would be accounted for within the Department of Health group on 1 April 2013. This has resulted in assets of £106k being included as opening balances of the CCG on 1 April 2013 within the 2013/14 financial statements.
 - There were no significant difficulties encountered during the audit.
 - There were no significant matters arising from the audit that were discussed, or subject to correspondence with management; and
 - There were no other matters arising from the audit that, in our professional judgment, are significant to the oversight of the financial reporting process.
- We have not identified any other matters to specifically report.

Whilst we did not identify any significant risk areas at the planning stage, we noted the following areas of audit focus in 2013/14. We have summarised our findings below:

Areas of audit focus	Summary of findings
 <p data-bbox="134 454 312 568">CCG opening balances & continuing care claims</p> <p data-bbox="472 464 692 486">Audit areas affected</p> <ul data-bbox="472 506 733 529" style="list-style-type: none"> ■ Financial statements 	<ul data-bbox="803 411 2005 564" style="list-style-type: none"> ■ Following the demise of PCTs and SHAs on 31 March 2013, the Department of Health issued an accounts direction which determined where assets and liabilities from these bodies would be accounted for within the Department of Health group on 1 April 2013. There were no assets or liabilities from these demising organisations that were transferred to the CCG, other than £106,000 of property, plant and equipment. ■ Liabilities in relation to 'legacy' provisions for continuing care claims have been allocated to NHS England.
 <p data-bbox="134 711 312 739">CSU Assurance</p> <p data-bbox="472 654 692 676">Audit areas affected</p> <ul data-bbox="472 696 733 768" style="list-style-type: none"> ■ Financial statements ■ VFM conclusion 	<ul data-bbox="803 654 2005 792" style="list-style-type: none"> ■ We have not yet seen a copy of the ISA 3402 report in respect of the CSU. We have reviewed the readiness report and noted the deficiencies in controls that it raised. We also note that the CSU is working to rectify any gaps in control and keeping the CCG aware of progress. We therefore tailored our initial audit approach so that it was not reliant on the operation of key controls at the CSU. NHS West and South Yorkshire and Bassetlaw.

We have also focused on other areas as specifically required by professional standards. These risk areas were management override of controls, and the fraud risk of revenue recognition.

The table below sets out the outcome of our audit procedures and assessment on these risk areas.

Other areas of audit focus	Summary of findings
 <p>Management override of controls</p> <p>Audit areas affected</p> <ul style="list-style-type: none"> All areas 	<p>Our audit methodology incorporates the risk of management override as a default significant risk. Management is typically in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We have not identified any specific additional risks of management override relating to this audit.</p> <p>In line with our methodology, we carried out appropriate controls testing and substantive procedures, including over journal entries, accounting estimates and significant transactions that are outside the normal course of business, or are otherwise unusual.</p> <p>There are no matters arising from this work that we need to bring to your attention.</p>
 <p>Fraud risk of income recognition</p> <p>Audit areas affected</p> <ul style="list-style-type: none"> All areas 	<p>Professional standards require us to make a rebuttable presumption that the fraud risk from revenue recognition is a significant risk.</p> <p>We do not consider this to be a significant risk for NHS bodies, and the CCG in particular, as there is unlikely to be an incentive to fraudulently recognise revenue. Since we have rebutted this presumed risk, there has been no impact on our audit work.</p>

During the audit we have considered a number of significant judgements and estimates affecting the CCG this year and have summarised our findings below to give the Audit and Quality Assurance Committee a view as to whether we believe these judgements are reasonable and where within the acceptable range they sit:

Areas of significant audit judgment	Summary of findings
<p>Healthcare contracts</p>	<ul style="list-style-type: none"> ■ The CCG’s primary activity is to purchase secondary healthcare on behalf of local residents. This process is managed through contracts (Service Level Agreements) with providers, which include elements of over/under performance. At year end the CCG consider the need to accrue for partially completed spells of care in its accounts. ■ The main tool for agreeing NHS healthcare spend is the intra NHS balances process which highlights any significant variances between NHS organisations. Our review of the agreement of balances process has not highlighted any significant variances which indicate the CCG’s accounting estimates in this area are unreasonable.
<p>Prescribing expenditure</p>	<ul style="list-style-type: none"> ■ The full year expenditure for prescribing included within other costs in the Statement of Comprehensive Net Expenditure is estimated based upon the spend for the first 10 months of the year. The accrual for the final 2 months of the year is recorded within trade and other payables. ■ We have examined the accrual and found the estimate to be reasonable.

Next Steps

Following consideration of the issues highlighted in this report, the Audit and Quality Assurance Committee will recommend the documents to the Governing Body. The management representations letter will be signed at the Governing Body meeting on 4 June 2014.

Once we have received your representations we issue our audit opinion. For 2013/14 this provides confirmation that:

- your financial statements present a true and fair view;
- you have complied with the disclosure requirements set out in NHS England's ARG in the preparation of your AGS and we are not aware of any inconsistencies with the information that you have recorded within this statement and our other work;
- we have read your Annual Report and in our view it does not contain information which is inconsistent with your financial statements; and
- the numerical part of your Remuneration Report has been presented in a way which complies with the accounting requirements as set out in NHS England's ARG.

We do not have any other matters that we wish to draw to your attention prior to issuing this opinion.

Independence and Objectivity

ISA 260 also requires us to make an annual declaration that we are in a position of sufficient independence and objectivity to act as your auditors. We have provided this declaration at Appendix C.

Audit Fees

Our fee for the audit in 2013/14 was £83,000 plus VAT. This fee was in line with that highlighted within our audit plan issued in January 2014.

We have not completed any other work at the CCG during the year.

This appendix summarises the recommendations that we have identified from our work. We have given each of our recommendations a risk rating (as explained below) and agreed with management what action you will need to take.

Priority rating for recommendations		
<p>1 <i>Priority one:</i> issues that are fundamental and material to your system of internal control. We believe that these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.</p>	<p>2 <i>Priority two:</i> issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.</p>	<p>3 <i>Priority three:</i> issues that would, if corrected, improve the internal control in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.</p>

#	Risk	Issue, Impact and Recommendation	Management Response/Responsible Officer/Due Date
1	2	<p>Policies on business conduct</p> <p>The CCG's Constitution incorporates the staff code of conduct. The Constitution refers to the Nolan Principals and a policy for declaring interests (paragraphs 9.9 and 9.10). The Constitution also refers to a policy on business conduct (paragraph 8.1.2).</p> <p>However, neither the policy for declaring interests or the policy on business conduct are available in the policies section of the CCG's website.</p> <p>The CCG should ensure that the Constitution reflects the actual situation with regard to the staff code of conduct.</p>	<p>The CCG have agreed to:</p> <ul style="list-style-type: none"> ➢ update the constitution; ➢ prepare a policy note to encapsulate all areas of governance; and ➢ make reference to the documents already in place (using the NHS standards of business conduct as template) <p>Sarah Whittle November 2014</p>

We are required by ISA (UK and Ireland) 260 Communication of Audit Matters to Those Charged with Governance to communicate all uncorrected misstatements, other than those that we believe are clearly trivial, to those charged with governance. As part of our planning process we agreed a definition of trivial with you which reflected balances below £335,000. This figure has subsequently been revised downwards to £250,000 to ensure consistency with NAO group reporting requirements.

We are also required to report all material misstatements that management has corrected but that we believe should be communicated to the Audit and Quality Assurance Committee to assist it in fulfilling its governance responsibilities.

This appendix sets out the audit differences that we identified to date from our audit of the CCG for the year ended 31 March 2014.

Unadjusted audit differences

We are pleased to report that there were no unadjusted audit differences.

Adjusted audit differences

Detailed below are the material audit differences which have been identified during the course of our work which have been corrected by management in the financial statements.

Issue	Statement of Financial Position (£'000)		Statement of Comprehensive Expenditure (£'000)	
	Dr	Cr	Dr	Cr
Note 23 Payables				
Reclassification of items within note due to code mapping issues with the NHS accounts template.				
➤ Non NHS payables increased by £1,033k	1,033	1,033		
➤ Other payables decreased by corresponding amount				

Presentational Issues

We identified a number of minor presentational issues during our audit and these have all been amended by the CCG.

Other Matters

There are no other matters to be brought to the CCG's attention.

The purpose of this Appendix is to communicate all significant facts and matters that bear on KPMG LLP's independence and objectivity and to inform you of the requirements of *ISA 260 (UK and Ireland) Communication of Audit Matters to Those Charged with Governance*.

Integrity, objectivity and independence

We are required to communicate to you in writing at least annually all significant facts and matters, including those related to the provision of non-audit services and the safeguards put in place that, in our professional judgement, may reasonably be thought to bear on KPMG LLP's independence and the objectivity of the Engagement Lead and the audit team.

We have considered the fees paid to us by the CCG for professional services provided by us during the reporting period. We are satisfied that our general procedures support our independence and objectivity.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP Audit Partners and staff annually confirm their compliance with our Ethics and Independence Manual including in particular that they have no prohibited shareholdings.

Our Ethics and Independence Manual is fully consistent with the requirements of the Ethical Standards issued by the UK Auditing Practices Board. As a result we have underlying safeguards in place to maintain independence through: Instilling professional values, Communications, Internal accountability, Risk management and Independent reviews.

We would be happy to discuss any of these aspects of our procedures in more detail. There are no other matters that, in our professional judgement, bear on our independence which need to be disclosed to the Governing Body Members.

Audit matters

We are required to comply with *ISA (UK and Ireland) 260 Communication of Audit Matters to Those Charged with Governance* when carrying out the audit of the accounts.

ISA 260 requires that we consider the following audit matters and formally communicate them to those charged with governance:

- Relationships that may bear on the firm's independence and the integrity and objectivity of the audit engagement lead and audit staff.
- The general approach and overall scope of the audit, including any expected limitations thereon, or any additional requirements.
- The selection of, or changes in, significant accounting policies and practices that have, or could have, a material effect on the CCG's financial statements.
- The potential effect on the financial statements of any material risks and exposures, such as pending litigation, that are required to be disclosed in the financial statements.
- Audit adjustments, whether or not recorded by the entity that have, or could have, a material effect on the CCG's financial statements.
- Material uncertainties related to event and conditions that may cast significant doubt on the CCG's ability to continue as a going concern.
- Disagreements with management about matters that, individually or in aggregate, could be significant to the CCG's financial statements or the auditor's report. These communications include consideration of whether the matter has, or has not, been resolved and the significance of the matter.

Audit matters (continued)

- Expected modifications to the auditor's report.
- Other matters warranting attention by those charged with governance, such as material weaknesses in internal control, questions regarding management integrity, and fraud involving management.
- Any other matters agreed upon in the terms of the audit engagement.

We continue to discharge these responsibilities through our attendance at Audit and Quality Assurance Committees, commentary and annual audit letter and, in the case of uncorrected misstatements, through our request for management representations.

Auditor Declaration

In relation to the audit of the financial statements of the CCG for the financial year ending 31 March 2014, we confirm that there were no relationships between KPMG LLP and the CCG, its officers and senior management and its affiliates that we consider may reasonably be thought to bear on the objectivity and independence of the audit engagement lead and audit staff. We also confirm that we have complied with Ethical Standards in relation to independence and objectivity.

As auditors of NHS Rotherham CCG we are required to report to the NAO auditors in connection with the audit of the Department of Health Departmental Account, NHS Summarised Accounts and Whole of Government Accounts. We intend to issue an unqualified Group Audit Assurance Certificate to the National Audit Office (NAO) regarding the Whole of Government accounts (WGA) submission which will refer to the exceptions in the table below.

We are required to report any inconsistencies greater than £250,000 between the signed audited accounts and the consolidation data and details of any unadjusted errors or uncertainties in the data provided for intra-group and intra-government balances and transactions. We have provided details of the inconsistencies that we are reporting to the NAO below:

Counter party	Type of balance/ transaction	Balance as per NHS Rotherham CCG (£'000)	Balance as per counter party (£'000)	Difference (£'000)	Comments on Difference
None identified					



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