Working with you to make Sheffield HEALTHIER

NHS Sheffield Clinical Commissioning Group

Adoption of NHS Sheffield CCG's 2013/14 Annual Accounts

Governing Body meeting

D

5 June 2014

Author(s)	Jackie Mills, Deputy Director of Finance
Sponsor	Julia Newton, Director of Finance

Is your report for Approval / Consideration / Noting

Approval

Are there any Resource Implications (including Financial, Staffing etc)?

No

Audit Requirement

CCG Objectives

This paper provides assurance to the Governing Body that the CCG has delivered its statutory financial duties. The CCG's 2013/14 financial year accounts have now been audited and a positive audit opinion has been received as set out in Appendix C to this report.

It also confirms that the CCG has generated a surplus of £6.9m in line with the plan agreed with NHS England.

Equality impact assessment

N/A

PPE Activity

The Annual Accounts will be on the CCG's website and key points will be presented at the CCG's AGM in September. The Accounts and also the Summary Financial Statements form part of the CCG's Annual Report allowing the public and patients to understand how we have spent our allocated resources in 2013/14.

Recommendations

The Governing Body is asked to:

- Approve and adopt the audited Annual Accounts for the financial year 2013/14.
- Recommend that the Accountable Officer signs the letter of Management Representations on behalf of Governing Body

NHS
Sheffield
Clinical Commissioning Group

Adoption of the 2013/14 Annual Accounts

Governing Body meeting

5 June 2014

1. Introduction / Background

1.1. This report accompanies the audited financial statements produced by the CCG in respect of the 2013-14 financial year. Draft accounts were presented to the Governing Body in May. The accounts have now been audited and a positive audit report received.

1.2. The accounts will be considered by the CCG's Audit and Integrated Governance Committee (AIGC) at its meeting on 5 June (before the Governing Body meeting). A verbal update will be provided by the Chair of the AIGC to the Governing Body who will confirm the recommendations of the AIGC to the Governing Body.

2. Issues arising at Audit

2.1 The CCG's external auditors, KPMG, have now completed their review of the Annual Accounts. I am pleased to report that there were no material changes required to the draft accounts which were presented to the Governing Body in May. There were no changes affecting the previously reported £6.9m surplus. A summary of the minor changes is contained in the table below. In addition, NHS England has published late changes to the Annual Reporting Guidance that CCGs are required to follow when producing their annual accounts. These changes are also shown in the table below. It is possible that further guidance may be issued by NHS England. This may require further changes to the Accounts, in which case information will be tabled at the meeting on 5 June.

Changes agreed with Auditors following review of Draft Accounts	**Accounting Note affected:**
A footnote has been added at the bottom of Note 2 to explain 'Other Revenue'	Note 2
Income from audit commission (£10k) in relation to the external audit fee was originally credited against external audit expenditure in the draft accounts. This is now shown as revenue in the final accounts.	SOCNE; Note 2; Note 3; Note 5; Note 34
Changes agreed with Auditors following late changes to guidance/ receipt of information from NHS England	
Input staff sickness data – this data is provided centrally by NHS England and was not available at the time of the production of the draft accounts	Note 4.3
Addition of note re transfer of legacy balances – NHS England has issued a note that they have asked is included in the accounting policies	Note 1.4

Addition of note re CHC provisions – NHS England has issued a note requiring CCGs to disclose the value of the CHC provision for retrospective claims, held by NHS England, that relates to patients which NHS Sheffield CCG are responsible for.	Note 30
Amendment to the format of Note 42 – financial performance duties	Note 42

3. Audit Opinion

3.1 Attached at Appendix C is the formal report (ISA260 report) from KPMG on the audit of the financial statements. This confirms the following:

- The auditors will issue an unqualified opinion on our accounts following adoption of the accounts by the Governing Body and receipt of our letter of management representations.

- They have concluded that the CCG has adequate arrangements to secure economy, efficiency and effectiveness in its use of resources.

3.2 Attached at Appendix B is the draft 'letter of management representations' to KPMG which the Governing Body is asked to approve.

4. Next Steps

Following confirmation that the Governing Body has adopted the accounts and the letter of management representations has been approved by the Governing Body and signed by the Accountable Officer, the final audited financial statements will be submitted by external audit to NHS England by noon on 6 June 2014.

5. Recommendations

The Governing Body is asked to:

- Approve and adopt the audited Annual Accounts for the financial year 2013/14.
- Recommend that the Accountable Officer signs the letter of Management Representations on behalf of Governing Body

Paper prepared by Jackie Mills, Deputy Director of Finance

On behalf of Julia Newton Director of Finance

May 2014

Attachments: Appendix A Audited Final Accounts for 2013/14
Appendix B Letter of Management Representations
Appendix C KPMG ISA260 Report

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NHS Sheffield Clinical Commissioning Group

Appendix A

Draft Annual Accounts for the Period 1st April 2013 to 31st March 2014

NHS Sheffield CCG - Annual Accounts 2013-14

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Statement of Comprehensive Net Expenditure for the Year Ended 31 March 2014

	NOTE	2013-14 £'000
Commissioning		
Other Operating Revenue	2	(7,570)
Gross Employee Benefits	4	4,572
Other Costs	5	694,554
Net Operating Costs before Financing		**691,555**
Of which:		
Administration Costs		
Other operating revenue	2	(1,350)
Gross employee benefits	4	4,572
Other costs	5	6,443
Net administration costs before financing		**9,665**
Programme Expenditure		
Other operating revenue	2	(6,221)
Gross employee benefits	4	0
Other costs	5	688,111
Net programme expenditure before interest		**681,890**
Financing		
Investment Revenue	8	0
Other Gains & Losses	9	0
Finance Costs	10	0
Net Operating Costs for the Financial Year		**691,555**
Net Gain (Loss) on Transfer by Absorption	11	0
Retained Net Operating Costs for the Financial Year		**691,555**
Other Comprehensive Net Expenditure		
Impairments & reversals		0
Net gain (loss) on revaluation of property, plant & equipment		0
Net gain (loss) on revaluation of intangibles		0
Net gain (loss) on revaluation of financial assets		0
Movements in other reserves		0
Net gain (loss) on available for sale financial assets		0
Net gain (loss) on assets held for sale		0
Net actuarial gain (loss) on pension schemes		0
Reclassification Adjustments:		
On disposal of available for sale financial assets		0
Total Comprehensive Net Expenditure for the Financial Year		**691,555**

The notes on pages 5 to 34 form part of this statement.

Statement of Financial Position as at 31 March 2014

	NOTE	31 March 2014 £'000
Non-current Assets		
Property, Plant & Equipment	13	0
Intangible Assets	14	0
Investment Property	15	0
Trade & Other Receivables	17	0
Other Financial Assets	18	0
Total Non-current Assets		**0**
Current Assets		
Inventories	16	0
Trade & Other Receivables	17	7,621
Other Financial Assets	18	0
Other Current Assets	19	0
Cash & Cash Equivalents	20	73
Non-current Assets held for Sale	21	0
Total Current Assets		**7,694**
Total Assets		**7,694**
Current Liabilities		
Trade & Other Payables	23	(33,734)
Other Financial Liabilities	24	0
Other Liabilities	25	0
Borrowings	26	0
Provisions	30	0
Total Current Liabilities		**(33,734)**
Total Assets less Current Liabilities		**(26,040)**
Non-current Liabilities		
Trade & Other Payables	23	0
Other Financial Liabilities	24	0
Other Liabilities	25	0
Borrowings	26	0
Provisions	30	0
Total Non-current Liabilities		**0**
Total Assets Employed		**(26,040)**
Financed by Taxpayers' Equity		
General Fund		(26,040)
Revaluation Reserve		0
Other Reserves		0
Charitable Reserves		0
Total Taxpayers' Equity		**(26,040)**

The notes on pages 5 to 34 form part of this statement.

The financial statements on pages 1 to 4 were approved by the Governing Body on 5th June 2014 and signed on its behalf by:

Accountable Officer: Date:

Statement of Changes In Taxpayers Equity for the Year Ended 31 March 2014

	General Fund £'000	Revaluation Reserve £'000	Other Reserves £'000	Total £'000
Balance at 01 April 2013	0	0	0	0
Transfer of assets and liabilities from closed NHS bodies as a result of the 1 April 2013 transition	192	0	0	192
Transfer between reserves in respect of assets transferred from closed NHS bodies	0	0	0	0
Adjusted Balance at 01 April 2013	**192**	**0**	**0**	**192**
Changes in Taxpayers' Equity for 2013-14				
Net operating costs for the financial year	**(691,555)**	**0**	**0**	**(691,555)**
Net gain (loss) on revaluation of property, plant and equipment		0		0
Net gain (loss) on revaluation of intangible assets		0		0
Net gain (loss) on revaluation of financial assets		0		0
Total revaluations against revaluation reserve		**0**		**0**
Net gain (loss) on available for sale financial assets	0	0	0	0
Net gain (loss) on revaluation of assets held for sale	0	0	0	0
Impairments and reversals	0	0	0	0
Net actuarial gain (loss) on pensions	0	0	0	0
Movements in other reserves	0	0	0	0
Transfers between reserves	0	0	0	0
Release of reserves to the Statement of Comprehensive Net Expenditure	0	0	0	0
Reclassification adjustment on disposal of available for sale financial assets	0	0	0	0
Transfers by absorption to (from) other bodies	0	0	0	0
Transfer between reserves in respect of assets transferred under absorption	0	0	0	0
Reserves eliminated on dissolution	0	0	0	0
Net Recognised Expenditure for the Financial Year	**(691,363)**	**0**	**0**	**(691,363)**
Net funding	**665,323**	**0**	**0**	**665,323**
Balance at 31 March 2014	**(26,040)**	**0**	**0**	**(26,040)**

Statement of Cash Flows for the Year Ended 31 March 2014

	2013-14 £'000
Cash Flows from Operating Activities	
Net operating costs for the financial year	(691,555)
Depreciation and amortisation	205
Impairments and reversals	(13)
Other gains (losses) on foreign exchange	0
Donated assets received credited to revenue but non-cash	0
Government granted assets received credited to revenue but non-cash	0
Interest paid	0
Release of PFI deferred credit	0
Increase (decrease) in inventories	0
Increase (decrease) in trade & other receivables	(7,621)
Increase (decrease) in other current assets	0
Increase (decrease) in trade & other payables	33,734
Increase (decrease) in other current liabilities	0
Provisions utilised	0
Increase (decrease) in provisions	0
Net Cash Inflow (Outflow) from Operating Activities	**(665,251)**
Cash Flows from Investing Activities	
Interest received	0
(Payments) for property, plant and equipment	0
(Payments) for intangible assets	0
(Payments) for investments with the Department of Health	0
(Payments) for other financial assets	0
(Payments) for financial assets (LIFT)	0
Proceeds from disposal of assets held for sale: property, plant and equipment	0
Proceeds from disposal of assets held for sale: intangible assets	0
Proceeds from disposal of investments with the Department of Health	0
Proceeds from disposal of other financial assets	0
Proceeds from disposal of financial assets (LIFT)	0
Loans made in respect of LIFT	0
Loans repaid in respect of LIFT	0
Rental revenue	0
Net Cash Inflow (Outflow) from Investing Activities	**0**
Net Cash Inflow (Outflow) before Financing	**(665,251)**
Cash Flows from Financing Activities	
Net funding received	665,323
Other loans received	0
Other loans repaid	0
Capital element of payments in respect of finance leases and on Statement of Financial Position PFI and LIFT	0
Capital grants and other capital receipts	0
Capital receipts surrendered	0
Net Cash Inflow (Outflow) from Financing Activities	**665,323**
Net Increase (Decrease) in Cash & Cash Equivalents	**73**
Cash & Cash Equivalents at the Beginning of the Financial Year	0
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	
Cash & Cash Equivalents (including bank overdrafts) at the End of the Financial Year	**73**

Notes to the financial statements

1 Accounting Policies

NHS England has directed that the financial statements of clinical commissioning groups shall meet the accounting requirements of the *Manual for Accounts* issued by the Department of Health. Consequently, the following financial statements have been prepared in accordance with the *Manual for Accounts 2013-14* issued by the Department of Health. The accounting policies contained in the *Manual for Accounts* follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to clinical commissioning groups, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the *Manual for Accounts* permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the clinical commissioning group for the purpose of giving a true and fair view has been selected. The particular policies adopted by the clinical commissioning group are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

In accordance with the Directions issued by NHS England comparative information is not provided in these Financial Statements.

1.1 Going Concern

These accounts have been prepared on the going concern basis. Public sector bodies are assumed to be going concerns where the continuation of the provision of a service in the future is anticipated, as evidenced by inclusion of financial provision for that service in published documents.

Where a clinical commissioning group ceases to exist, it considers whether or not its services will continue to be provided (using the same assets, by another public sector entity) in determining whether to use the concept of going concern for the final set of Financial Statements. If services will continue to be provided the financial statements are prepared on the going concern basis.

1.2 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and financial liabilities.

1.3 Acquisitions & Discontinued Operations

Activities are considered to be ‘acquired’ only if they are taken on from outside the public sector. Activities are considered to be ‘discontinued’ only if they cease entirely. They are not considered to be ‘discontinued’ if they transfer from one public sector body to another.

1.4 Movement of Assets within the Department of Health Group

Transfers as part of reorganisation fall to be accounted for by use of absorption accounting in line with the Government Financial Reporting Manual, issued by HM Treasury. The Government Financial Reporting Manual does not require retrospective adoption, so prior year transactions (which have been accounted for under merger accounting) have not been restated. Absorption accounting requires that entities account for their transactions in the period in which they took place, with no restatement of performance required when functions transfer within the public sector. Where assets and liabilities transfer, the gain or loss resulting is recognised in the Statement of Comprehensive Net Expenditure, and is disclosed separately from operating costs.

Other transfers of assets and liabilities within the Department of Health Group are accounted for in line with IAS 20 and similarly give rise to income and expenditure entries.

The accounting arrangements for balances transferred from predecessor PCTs ("legacy" balances) are determined by the Accounts Direction issued by NHS England on 12 February 2014. The Accounts Directions state that the only legacy balances to be accounted for by the CCG are in respect of property, plant and equipment (and related liabilities) and inventories. All other legacy balances in respect of assets or liabilities arising from transactions or delivery of care prior to 31 March 2013 are accounted for by NHS England. The impact of the legacy balances accounted for by the CCG is disclosed in note 11 to these financial statements. The CCG's arrangements in respect of settling NHS Continuing Healthcare claims are disclosed in note 30 to these financial statements.

For transfers of assets and liabilities from those NHS bodies that closed on 1 April 2013, HM Treasury has agreed that a modified absorption approach should be applied. For these transactions only, gains and losses are recognised in reserves rather than the Statement of Comprehensive Net Expenditure.

1.5 Charitable Funds

From 2013-14, the divergence from the Government Financial Reporting Manual that NHS Charitable Funds are not consolidated with bodies’ own returns is removed. Under the provisions of IAS 27: Consolidated & Separate Financial Statements, those Charitable Funds that fall under common control with NHS bodies are consolidated within the entities’ accounts.

1.6 Pooled Budgets

Where the clinical commissioning group has entered into a pooled budget arrangement under Section 75 of the National Health Service Act 2006 the clinical commissioning group accounts for its share of the assets, liabilities, income and expenditure arising from the activities of the pooled budget, identified in accordance with the pooled budget agreement.

If the clinical commissioning group is in a "jointly controlled operation", the clinical commissioning group recognises:

- The assets the clinical commissioning group controls;
- The liabilities the clinical commissioning group incurs;
- The expenses the clinical commissioning group incurs; and,
- The clinical commissioning group's share of the income from the pooled budget activities.

If the clinical commissioning group is involved in a "jointly controlled assets" arrangement, in addition to the above, the clinical commissioning group recognises:

- The clinical commissioning group's share of the jointly controlled assets (classified according to the nature of the assets);
- The clinical commissioning group's share of any liabilities incurred jointly; and,
- The clinical commissioning group's share of the expenses jointly incurred.

1.7 Critical Accounting Judgements & Key Sources of Estimation Uncertainty

In the application of the clinical commissioning group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates and the estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

1.7.1 Critical Judgements in Applying Accounting Policies

The following are the critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the clinical commissioning group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments - Sheffield CCG has in substance a property lease arrangement with NHS Property Services Ltd relating to the headquarters site. As it had been determined that Sheffield CCG has not obtained substantially all the risks and rewards of ownership of this property, the lease has been classified as an operating lease and accounted for accordingly.

1.7.2 Key Sources of Estimation Uncertainty

The following are the key estimations that management has made in the process of applying the clinical commissioning group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Basis of estimation of key accruals - The CCG has included certain accruals within the financial statements which are estimates. The basis of the estimation of key accruals were approved by the Chief Finance Officer and reported to Audit & Integrated Governance Group. The key areas requiring estimation were Healthcare contracts and Prescribing expenditure.

1.8 Revenue

Revenue in respect of services provided is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable.

Where income is received for a specific activity that is to be delivered in the following year, that income is deferred.

1.9 Employee Benefits

1.9.1 Short-term Employee Benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees, including bonuses earned but not yet taken.

The cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

1.9.2 Retirement Benefit Costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the clinical commissioning group of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to expenditure at the time the clinical commissioning group commits itself to the retirement, regardless of the method of payment.

1.10 Other Expenses

Other operating expenses are recognised when, and to the extent that, the goods or services have been received. They are measured at the fair value of the consideration payable.

Expenses and liabilities in respect of grants are recognised when the clinical commissioning group has a present legal or constructive obligation, which occurs when all of the conditions attached to the payment have been met.

1.11 Property, Plant & Equipment

1.11.1 Recognition

Property, plant and equipment is capitalised if:

- It is held for use in delivering services or for administrative purposes;
- It is probable that future economic benefits will flow to, or service potential will be supplied to the clinical commissioning group;
- It is expected to be used for more than one financial year;
- The cost of the item can be measured reliably; and,
- The item has a cost of at least £5,000; or,
- Collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or,
- Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, the components are treated as separate assets and depreciated over their own useful economic lives.

1.11.2 Valuation

All property, plant and equipment are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. All assets are measured subsequently at fair value.

Land and buildings used for the clinical commissioning group's services or for administrative purposes are stated in the statement of financial position at their re-valued amounts, being the fair value at the date of revaluation less any impairment.

Revaluations are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Fair values are determined as follows:

- Land and non-specialised buildings – market value for existing use; and,
- Specialised buildings – depreciated replacement cost.

HM Treasury has adopted a standard approach to depreciated replacement cost valuations based on modern equivalent assets and, where it would meet the location requirements of the service being provided, an alternative site can be valued.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets are re-valued and depreciation commences when they are brought into use.

Fixtures and equipment are carried at depreciated historic cost as this is not considered to be materially different from fair value.

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit are taken to expenditure. Gains and losses recognised in the revaluation reserve are reported as other comprehensive income in the Statement of Comprehensive Net Expenditure.

1.11.3 Subsequent Expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure restores the asset to its original specification, the expenditure is capitalised and any existing carrying value of the item replaced is written-out and charged to operating expenses.

1.12 Intangible Assets

1.12.1 Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the clinical commissioning group's business or which arise from contractual or other legal rights. They are recognised only:

- When it is probable that future economic benefits will flow to, or service potential be provided to, the clinical commissioning group;
- Where the cost of the asset can be measured reliably; and,
- Where the cost is at least £5,000.

Intangible assets acquired separately are initially recognised at fair value. Software that is integral to the operating of hardware, for example an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset. Expenditure on research is not capitalised but is recognised as an operating expense in the period in which it is incurred. Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use;
- The intention to complete the intangible asset and use it;
- The ability to sell or use the intangible asset;
- How the intangible asset will generate probable future economic benefits or service potential;
- The availability of adequate technical, financial and other resources to complete the intangible asset and sell or use it; and,
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

1.12.2 Measurement

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the criteria above are initially met. Where no internally-generated intangible asset can be recognised, the expenditure is recognised in the period in which it is incurred.

Following initial recognition, intangible assets are carried at fair value by reference to an active market, or, where no active market exists, at amortised replacement cost (modern equivalent assets basis), indexed for relevant price increases, as a proxy for fair value. Internally-developed software is held at historic cost to reflect the opposing effects of increases in development costs and technological advances.

1.13 Depreciation, Amortisation & Impairments

Freehold land, properties under construction, and assets held for sale are not depreciated.

Otherwise, depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits or service potential of the assets. The estimated useful life of an asset is the period over which the clinical commissioning group expects to obtain economic benefits or service potential from the asset. This is specific to the clinical commissioning group and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over their estimated useful lives.

At each reporting period end, the clinical commissioning group checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually.

A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit are taken to expenditure. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to expenditure to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

1.14 Donated Assets

Donated non-current assets are capitalised at their fair value on receipt, with a matching credit to Income. They are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations, impairments and sales are as described above for purchased assets. Deferred income is recognised only where conditions attached to the donation preclude immediate recognition of the gain.

1.15 Government Grants

The value of assets received by means of a government grant are credited directly to income. Deferred income is recognised only where conditions attached to the grant preclude immediate recognition of the gain.

1.16 Non-current Assets Held For Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met when:

- The sale is highly probable;
- The asset is available for immediate sale in its present condition; and,
- Management is committed to the sale, which is expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Fair value is open market value including alternative uses.

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the Statement of Comprehensive Net Expenditure. On disposal, the balance for the asset on the revaluation reserve is transferred to the general reserve.

Property, plant and equipment that is to be scrapped or demolished does not qualify for recognition as held for sale. Instead, it is retained as an operational asset and its economic life is adjusted. The asset is de-recognised when it is scrapped or demolished.

1.17 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

1.17.1 The Clinical Commissioning Group as Lessee

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in calculating the clinical commissioning group's surplus/deficit.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the period in which they are incurred.

Where a lease is for land and buildings, the land and building components are separated and individually assessed as to whether they are operating or finance leases.

1.17.2 The Clinical Commissioning Group as Lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the clinical commissioning group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the clinical commissioning group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

1.18 Private Finance Initiative Transactions

HM Treasury has determined that government bodies shall account for infrastructure Private Finance Initiative (PFI) schemes where the government body controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement as service concession arrangements, following the principles of the requirements of IFRIC 12. The clinical commissioning group therefore recognises the PFI asset as an item of property, plant and equipment together with a liability to pay for it. The services received under the contract are recorded as operating expenses.

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

- Payment for the fair value of services received;
- Payment for the PFI asset, including finance costs; and,
- Payment for the replacement of components of the asset during the contract 'lifecycle replacement'.

1.18.1 Services Received

The fair value of services received in the year is recorded under the relevant expenditure headings within 'operating expenses'.

1.18.2 PFI Asset

The PFI assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at fair value in accordance with the principles of IAS17. Subsequently, the assets are measured at fair value, which is kept up to date in accordance with the clinical commissioning group's approach for each relevant class of asset in accordance with the principles of IAS 16.

1.18.3 PFI Liability

A PFI liability is recognised at the same time as the PFI assets are recognised. It is measured initially at the same amount as the fair value of the PFI assets and is subsequently measured as a finance lease liability in accordance with IAS 17.

An annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, and is charged to 'finance costs' within the Statement of Comprehensive Net Expenditure.

The element of the annual unitary payment that is allocated as a finance lease rental is applied to meet the annual finance cost and to repay the lease liability over the contract term.
An element of the annual unitary payment increase due to cumulative indexation is allocated to the finance lease. In accordance with IAS 17, this amount is not included in the minimum lease payments, but is instead treated as contingent rent and is expensed as incurred. In substance, this amount is a finance cost in respect of the liability and the expense is presented as a contingent finance cost in the Statement of Comprehensive Net Expenditure.

1.18.4 Lifecycle Replacement

Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the clinical commissioning group's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value.
The element of the annual unitary payment allocated to lifecycle replacement is pre-determined for each year of the contract from the operator's planned programme of lifecycle replacement. Where the lifecycle component is provided earlier or later than expected, a short-term finance lease liability or prepayment is recognised respectively.
Where the fair value of the lifecycle component is less than the amount determined in the contract, the difference is recognised as an expense when the replacement is provided. If the fair value is greater than the amount determined in the contract, the difference is treated as a 'free' asset and a deferred income balance is recognised. The deferred income is released to the operating income over the shorter of the remaining contract period or the useful economic life of the replacement component.

1.18.5 Assets Contributed by the Clinical Commissioning Group to the Operator For Use in the Scheme

Assets contributed for use in the scheme continue to be recognised as items of property, plant and equipment in the clinical commissioning group's Statement of Financial Position.

1.18.6 Other Assets Contributed by the Clinical Commissioning Group to the Operator

Assets contributed (e.g. cash payments, surplus property) by the clinical commissioning group to the operator before the asset is brought into use, which are intended to defray the operator's capital costs, are recognised initially as prepayments during the construction phase of the contract. Subsequently, when the asset is made available to the clinical commissioning group, the prepayment is treated as an initial payment towards the finance lease liability and is set against the carrying value of the liability.

1.19 Inventories

Inventories are valued at the lower of cost and net realisable value using the first-in first-out cost formula. This is considered to be a reasonable approximation to fair value due to the high turnover of stocks.

1.20 Cash & Cash Equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the clinical commissioning group's cash management.

1.21 Provisions

Provisions are recognised when the clinical commissioning group has a present legal or constructive obligation as a result of a past event, it is probable that the clinical commissioning group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rate as follows:

- Timing of cash flows (0 to 5 years inclusive): Minus 1.90%
- Timing of cash flows (6 to 10 years inclusive): Minus 0.65%
- Timing of cash flows (over 10 years): Plus 2.20%
- All employee early departures: 1.80%

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.
A restructuring provision is recognised when the clinical commissioning group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with on-going activities of the entity.

1.22 Clinical Negligence Costs

The NHS Litigation Authority operates a risk pooling scheme under which the clinical commissioning group pays an annual contribution to the NHS Litigation Authority which in return settles all clinical negligence claims. The contribution is charged to expenditure. Although the NHS Litigation Authority is administratively responsible for all clinical negligence cases the legal liability remains with the clinical commissioning group.

1.23 Non-clinical Risk Pooling

The clinical commissioning group participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the clinical commissioning group pays an annual contribution to the NHS Litigation Authority and, in return, receives assistance with the costs of claims arising. The annual membership contributions, and any excesses payable in respect of particular claims are charged to operating expenses as and when they become due.

1.24 Carbon Reduction Commitment Scheme

Carbon Reduction Commitment and similar allowances are accounted for as government grant funded intangible assets if they are not expected to be realised within twelve months, and otherwise as other current assets. They are valued at open market value. As the clinical commissioning group makes emissions, a provision is recognised with an offsetting transfer from deferred income. The provision is settled on surrender of the allowances. The asset, provision and deferred income amounts are valued at fair value at the end of the reporting period.

1.25 Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the clinical commissioning group, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the clinical commissioning group. A contingent asset is disclosed where an inflow of economic benefits is probable.

Where the time value of money is material, contingencies are disclosed at their present value.

1.26 Financial Assets

Financial assets are recognised when the clinical commissioning group becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred.

Financial assets are classified into the following categories:

- Financial assets at fair value through profit and loss;
- Held to maturity investments;
- Available for sale financial assets; and,
- Loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

1.26.1 Financial Assets at Fair Value Through Profit and Loss

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial assets at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in calculating the clinical commissioning group's surplus or deficit for the year. The net gain or loss incorporates any interest earned on the financial asset.

1.26.2 Held to Maturity Assets

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity, and there is a positive intention and ability to hold to maturity. After initial recognition, they are held at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

1.26.3 Available For Sale Financial Assets

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or that do not fall within any of the other three financial asset classifications. They are measured at fair value with changes in value taken to the revaluation reserve, with the exception of impairment losses. Accumulated gains or losses are recycled to surplus/deficit on de-recognition.

1.26.4 Loans & Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. After initial recognition, they are measured at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

Fair value is determined by reference to quoted market prices where possible, otherwise by valuation techniques.
The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to the initial fair value of the financial asset.
At the end of the reporting period, the clinical commissioning group assesses whether any financial assets, other than those held at 'fair value through profit and loss' are impaired. Financial assets are impaired and impairment losses recognised if there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.
For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in expenditure and the carrying amount of the asset is reduced through a provision for impairment of receivables.
If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through expenditure to the extent that the carrying amount of the receivable at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

1.27 Financial Liabilities

Financial liabilities are recognised on the statement of financial position when the clinical commissioning group becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is, the liability has been paid or has expired.
Loans from the Department of Health are recognised at historical cost. Otherwise, financial liabilities are initially recognised at fair value.

1.27.1 Financial Guarantee Contract Liabilities

Financial guarantee contract liabilities are subsequently measured at the higher of:

- The premium received (or imputed) for entering into the guarantee less cumulative amortisation; and,
- The amount of the obligation under the contract, as determined in accordance with IAS 37: Provisions, Contingent Liabilities and Contingent Assets.

1.27.2 Financial Liabilities at Fair Value Through Profit and Loss

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial liabilities at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the clinical commissioning group's surplus/deficit. The net gain or loss incorporates any interest payable on the financial liability.

1.27.3 Other Financial Liabilities

After initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method, except for loans from Department of Health, which are carried at historic cost. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the net carrying amount of the financial liability. Interest is recognised using the effective interest method.

1.28 Value Added Tax

Most of the activities of the clinical commissioning group are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.29 Foreign Currencies

The clinical commissioning group's functional currency and presentational currency is sterling. Transactions denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the spot exchange rate on 31 March. Resulting exchange gains and losses for either of these are recognised in the clinical commissioning group's surplus/deficit in the period in which they arise.

1.30 Third Party Assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the clinical commissioning group has no beneficial interest in them.

1.31 Losses & Special Payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled.

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had the clinical commissioning group not been bearing its own risks (with insurance premiums then being included as normal revenue expenditure).

1.32 Subsidiaries

Material entities over which the clinical commissioning group has the power to exercise control so as to obtain economic or other benefits are classified as subsidiaries and are consolidated. Their income and expenses; gains and losses; assets, liabilities and reserves; and cash flows are consolidated in full into the appropriate financial statement lines. Appropriate adjustments are made on consolidation where the subsidiary's accounting policies are not aligned with the clinical commissioning group or where the subsidiary's accounting date is not co-terminus.

Subsidiaries that are classified as 'held for sale' are measured at the lower of their carrying amount or 'fair value less costs to sell'.

1.33 Associates

Material entities over which the clinical commissioning group has the power to exercise significant influence so as to obtain economic or other benefits are classified as associates and are recognised in the clinical commissioning group's accounts using the equity method. The investment is recognised initially at cost and is adjusted subsequently to reflect the clinical commissioning group's share of the entity's profit/loss and other gains/losses. It is also reduced when any distribution is received by the clinical commissioning group from the entity.

Joint ventures that are classified as 'held for sale' are measured at the lower of their carrying amount or 'fair value less costs to sell'.

1.34 Joint Ventures

Material entities over which the clinical commissioning group has joint control with one or more other parties so as to obtain economic or other benefits are classified as joint ventures. Joint ventures are accounted for using the equity method.

Joint ventures that are classified as 'held for sale' are measured at the lower of their carrying amount or 'fair value less costs to sell'.

1.35 Joint Operations

Joint operations are activities undertaken by the clinical commissioning group in conjunction with one or more other parties but which are not performed through a separate entity. The clinical commissioning group records its share of the income and expenditure; gains and losses; assets and liabilities; and cash flows.

1.36 Research & Development

Research and development expenditure is charged in the year in which it is incurred, except insofar as development expenditure relates to a clearly defined project and the benefits of it can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits expected and is amortised through the Statement of Comprehensive Net Expenditure on a systematic basis over the period expected to benefit from the project. It should be re-valued on the basis of current cost. The amortisation is calculated on the same basis as depreciation.

1.37 Accounting Standards That Have Been Issued But Have Not Yet Been Adopted

The Government Financial Reporting Manual does not require the following Standards and Interpretations to be applied in 2013-14, all of which are subject to consultation:

- IAS 27: Separate Financial Statements
- IAS 28: Investments in Associates & Joint Ventures
- IAS 32: Financial Instruments – Presentation (amendment)
- IFRS 9: Financial Instruments
- IFRS 10: Consolidated Financial Statements
- IFRS 11: Joint Arrangements
- IFRS 12: Disclosure of Interests in Other Entities
- IFRS 13: Fair Value Measurement

The application of the Standards as revised would not have a material impact on the accounts for 2013-14, were they applied in that year.

2. Other Operating Revenue

	Admin 2013-14 £'000	Programme 2013-14 £'000	Total 2013-14 £'000
Recoveries in respect of employee benefits	0	0	**0**
Patient transport services	0	0	**0**
Prescription fees and charges	0	0	**0**
Dental fees and charges	0	0	**0**
Education, training and research	290	23	**313**
Charitable and other contributions to revenue expenditure: NHS	0	0	**0**
Charitable and other contributions to revenue expenditure: non-NHS	124	5	**129**
Receipt of donations for capital acquisitions: NHS Charity	0	0	**0**
Receipt of Government grants for capital acquisitions	0	0	**0**
Non-patient care services to other bodies	324	0	**324**
Income generation	0	0	**0**
Rental revenue from finance leases	0	0	**0**
Rental revenue from operating leases	0	0	**0**
Other revenue	612	6,192	**6,804**
Total	**1,350**	**6,221**	**7,570**

Admin revenue is revenue received that is not directly attributable to the provision of healthcare or healthcare services.
Other revenue relates to the following: £0.6m shown under Admin revenue relates to income from West and South Yorkshire and Bassetlaw CSU in relation to shared costs for occupation of a joint building. For the other revenue shown under Programme, £3.1m relates to the recharge of care costs to Sheffield City Council for care where they have funding responsibility; £1m relates to income from Sheffield City Council in relation to their contribution to the pooled budget arrangements, £0.9m relates to lead commissioner arrangements for patient transport services; £0.4m relates to recharge of costs for detained patients, for which Sheffield Health and Social Care NHS Foundation Trust took responsibility for in 2013/14; £0.1m relates to recharge of prescribing costs to Sheffield City Council in relation to services for which they have commissioning responsibility.

Revenue in this note does not include cash received from NHS England, which is drawn down directly into the bank account of the clinical commissioning group and credited to the general fund.

3. Revenue

	2013-14 £'000
From Rendering of Services	7,570
From Sale of Goods	0
Total	**7,570**

Revenue is totally from the supply of services. Sheffield Clinical Commissioning Group receives no revenue from the sale of goo

4. Employee Benefits & Staff Numbers

4.1 Employee Benefits

4.1.1 Employee Benefits Expenditure

	2013-14								
	Admin			Programme			Total		
	Permanent Employees £'000	Other £'000	Total £'000	Permanent Employees £'000	Other £'000	Total £'000	Permanent Employees £'000	Other £'000	Total £'000
Salaries and wages	3,560	125	**3,685**	0	0	**0**	**3,560**	**125**	**3,685**
Social security costs	370	0	**370**	0	0	**0**	**370**	**0**	**370**
Employer contributions to the NHS Pension Scheme	517	0	**517**	0	0	**0**	**517**	**0**	**517**
Other pension costs	0	0	**0**	0	0	**0**	**0**	**0**	**0**
Other post-employment benefits	0	0	**0**	0	0	**0**	**0**	**0**	**0**
Other employment benefits	0	0	**0**	0	0	**0**	**0**	**0**	**0**
Termination benefits	0	0	**0**	0	0	**0**	**0**	**0**	**0**
Gross Admin Employee Benefits Expenditure	**4,447**	**125**	**4,572**	**0**	**0**	**0**	**4,447**	**125**	**4,572**
Less: Recoveries in respect of employee benefits (note 4.1.2)	0	0	**0**	0	0	**0**	**0**	**0**	**0**
Net Admin employee benefits expenditure including capitalised costs	**4,447**	**125**	**4,572**	**0**	**0**	**0**	**4,447**	**125**	**4,572**
Less: Employee costs capitalised	0	0	**0**	0	0	**0**	**0**	**0**	**0**
Net Admin employee benefits expenditure excluding capitalised costs	**4,447**	**125**	**4,572**	**0**	**0**	**0**	**4,447**	**125**	**4,572**

4.1.2 Recoveries in Respect of Employee Benefits

	2013-14		
	Permanent Employees £'000	Other £'000	Total £'000
Salaries and wages	0	0	**0**
Social security costs	0	0	**0**
Employer contributions to the NHS Pension Scheme	0	0	**0**
Other pension costs	0	0	**0**
Other post-employment benefits	0	0	**0**
Other employment benefits	0	0	**0**
Termination benefits	0	0	**0**
Total recoveries in respect of employee benefits	**0**	**0**	**0**

4.2 Average Number of People Employed

	2013-14		
	Permanent Employees Number	Other Number	Total Number
Total	**71**	**4**	**75**
Of the above:			
Number of whole time equivalent people engaged on capital projects	**0**	**0**	**0**

4.3 Staff Sickness Absence and Ill Health Retirements

	2013-14 Number
Total days lost*	184
Total staff years	77
Average working days lost	2.4

* This data is provided centrally by the Health and Social Care Information Centre and relates to the 9 months April 2013-December 2013.

	2013-14 Number
Number of persons retiring on ill health grounds	**0**

Ill Health Retirement costs are met by the NHS Pension Scheme:

	2013-14 Number
Total additional pension liability accrued in the year	**0**

Where the clinical commissioning group has agreed early retirements, the additional costs are met by the clinical commissioning group and not by the NHS Pension Scheme.

4.4 Exit Packages Agreed in the Financial Year

	2013-14					
	Compulsory Redundancies		Other Agreed Departures		Total	
	Number	£'000	Number	£'000	Number	£'000
Less than £10,000	0	0	0	0	**0**	**0**
£10,001 to £25,000	0	0	0	0	**0**	**0**
£25,001 to £50,000	0	0	0	0	**0**	**0**
£50,001 to £100,000	0	0	0	0	**0**	**0**
£100,001 to £150,000	0	0	0	0	**0**	**0**
£150,001 to £200,000	0	0	0	0	**0**	**0**
Over £200,001	0	0	0	0	**0**	**0**
Total	**0**	**0**	**0**	**0**	**0**	**0**

	Departures where special payments have been made	
	Number	£'000
Less than £10,000	0	0
£10,001 to £25,000	0	0
£25,001 to £50,000	0	0
£50,001 to £100,000	0	0
£100,001 to £150,000	0	0
£150,001 to £200,000	0	0
Over £200,001	0	0
Total	**0**	**0**

Analysis of Other Agreed Departures

	Other agreed departures	
	Number	£'000
Voluntary redundancies including early retirement contractual costs	0	0
Mutually agreed resignations (MARS) contractual costs	0	0
Early retirements in the efficiency of the service contractual costs	0	0
Contractual payments in lieu of notice	0	0
Exit payments following Employment Tribunals or court orders	0	0
Non-contractual payments requiring HMT approval*	0	0
Total	**0**	**0**

* As a single exit package can be made up of several components each of which will be counted separately in this table, the total number will not necessarily match the total number in the table above, which will be the number of individuals.

4.5 Pension Costs

Past and present employees are covered by the provisions of the NHS Pension Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions.
The Scheme is an unfunded, defined benefit scheme that covers NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The Scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities.
Therefore, the Scheme is accounted for as if it were a defined contribution scheme: the cost to the clinical commissioning group of participating in the Scheme is taken as equal to the contributions payable to the Scheme for the accounting period.
The Scheme is subject to a full actuarial valuation every four years (until 2004, every five years) and an accounting valuation every year. An outline of these follows:

4.5.1 Full Actuarial (Funding) Valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the Scheme (taking into account its recent demographic experience), and to recommend the contribution rates to be paid by the employers and scheme members. The last such valuation, which determined current contribution rates was undertaken as at 31 March 2004 and covered the period from 1 April 1999 to that date. The conclusion from the 2004 valuation was that the Scheme had accumulated a notional deficit of £3.3 billion against the notional assets as at 31 March 2004.
In order to defray the costs of benefits, employers pay contributions at 14% of pensionable pay and most employees had up to April 2008 paid 6%, with manual staff paying 5%.
Following the full actuarial review by the Government Actuary undertaken as at 31 March 2004, and after consideration of changes to the NHS Pension Scheme taking effect from 1 April 2008, his Valuation report recommended that the employer contributions could continue at the existing rate of 14% of pensionable pay, from 1 April 2008, following the introduction employee contributions on a tiered scale from 5% up to 8.5% of their pensionable pay depending on total earnings.
On advice from the scheme actuary, scheme contributions may be varied from time to time to reflect changes in the scheme's liabilities.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2004. Consequently, a formal actuarial valuation would have been due for the year ending 31 March 2008. However, formal actuarial valuations for unfunded public service schemes were suspended by HM Treasury on value for money grounds while consideration is given to recent changes to public service pensions, and while future scheme terms are developed as part of thereforms to public service pension provision due in 2015.

4.5.2 Accounting Valuation

A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period by updating the results of the full actuarial valuation.

Between the full actuarial valuations at a two-year midpoint, a full and detailed member data-set is provided to the scheme actuary. At this point the assumptions regarding the composition of the scheme membership are updated to allow the scheme liability to be valued.
The valuation of the scheme liability as at 31 March 2011 is based on detailed membership data as at 31 March 2008 (the latest midpoint) updated to 31 March 2011 with summary global member and accounting data.
The latest assessment of the liabilities of the Scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Resource Account, published annually. These accounts can be viewed on the NHS Pensions website. Copies can also be obtained from The Stationery Office.

4.5.3 Scheme Provisions

The NHS Pension Scheme provides defined benefits, which are summarised below. This list is an illustrative guide only, and is not intended to detail all the benefits provided by the Scheme or the specific conditions that must be met before these benefits can be obtained:

- The Scheme is a "final salary" scheme. Annual pensions are normally based on 1/80th for the 1995 section and of the best of the last three years pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership. Members who are practitioners as defined by the Scheme Regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service;

- With effect from 1 April 2008 members can choose to give up some of their annual pension for an additional tax free lump sum, up to a maximum amount permitted under HM Revenue & Customs rules. This new provision is known as "pension commutation".
- Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year;
- Early payment of a pension, with enhancement, is available to members of the Scheme who are permantly incapable of fulfilling their duties effectively through illness of infirmity. A death gratuity of twice final year's pensionable pay for death in service, and five times their annual pension for death after retirement is payable;
- For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to the statement of comprehensive net expenditure at the time the clinical commissioning group commits itself to the retirement, regardless of the method of payment; and,
- Members can purchase additional service in the Scheme and contribute to money purchase AVC's run by the Scheme's approved providers or by the other Free Standing Additional Voluntary Contributions (FSAVC) providers.

5. Operating Expenses

	Admin 2013-14 £'000	Programme 2013-14 £'000	TOTAL 2013-14 £'000
Gross Employee Benefits			
Employee benefits excluding governing body members	3,813	0	**3,813**
Executive governing body members	759	0	**759**
Total gross employee benefits	**4,572**	**0**	**4,572**
Other Costs			
Services from other CCGs and NHS England	2,585	4,763	**7,348**
Services from foundation trusts	0	483,461	**483,461**
Services from other NHS trusts	0	22,475	**22,475**
Services from other NHS bodies	0	2	**2**
Purchase of healthcare from non-NHS bodies	0	82,616	**82,616**
Chair and lay membership body and governing body members	259	0	**259**
Supplies and services – clinical	0	0	**0**
Supplies and services – general	1,541	466	**2,008**
Consultancy services	172	0	**172**
Establishment	218	4	**222**
Transport	14	0	**14**
Premises	677	1,131	**1,807**
Impairments and reversals of receivables	0	0	**0**
Inventories written down	0	0	**0**
Depreciation	205	0	**205**
Amortisation	0	0	**0**
Impairments and reversals of property, plant and equipment	(13)	0	**(13)**
Impairments and reversals of intangible assets	0	0	**0**
Impairments and reversals of financial assets			
· Assets carried at amortised cost	0	0	**0**
· Assets carried at cost	0	0	**0**
· Available for sale financial assets	0	0	**0**
Impairments and reversals of non-current assets held for sale	0	0	**0**
Impairments and reversals of investment properties	0	0	**0**
Audit fees	126	0	**126**
Other auditor's remuneration			**0**
· Internal audit services	0	0	**0**
· Other services	0	0	**0**
General Dental services and personal dental services	0	0	**0**
Prescribing costs	0	87,793	**87,793**
Pharmaceutical services	0	362	**362**
General Ophthalmic services	0	253	**253**
GPMS/APMS and PCTMS	0	4,774	**4,774**
Other professional fees ex audit	214	0	**214**
Grants to Other public bodies	0	0	**0**
Clinical negligence	0	0	**0**
Research and development (excluding staff costs)	377	0	**377**
Education and training	33	10	**42**
Change in discount rate	0	0	**0**
Other expenditure	35	0	**35**
Total other costs	**6,443**	**688,111**	**694,554**
Total operating expenses	**11,015**	**688,111**	**699,126**

Admin expenditure is expenditure incurred that is not a direct payment for the provision of healthcare or healthcare services.

6. Better Payment Practice Code

6.1 Measure of Compliance

	2013-14 Number	2013-14 £000
Non-NHS Payables:		
Total Non-NHS trade invoices paid in the year	13,430	76,778
Total Non-NHS trade invoices paid within target	13,177	76,105
Percentage of non-NHS trade invoices paid within target	**98.12%**	**99.12%**
NHS Payables:		
Total NHS trade invoices paid in the year	2,783	523,568
Total NHS trade invoices paid within target	2,738	523,252
Percentage of NHS trade invoices paid within target	**98.38%**	**99.94%**

The Better Payment Practice Code requires the clinical commissioning group to pay all valid invoices by the due date or within 30 days of receipt of a valid invoice, whichever is later.

6.2 The Late Payment of Commercial Debts (Interest) Act 1998

	2013-14 £'000
Amounts included in finance costs from claims made under this legislation	0
Compensation paid to cover debt recovery costs under this legislation	0
Total	0

7. Income Generation Activities

Sheffield Clinical Commissioning Group does not undertake any income generation activities.

8. Investment Revenue

	2013-14 £'000
Rental Revenue	
PFI finance lease revenue (planned)	**0**
PFI finance lease revenue (contingent)	**0**
Other finance lease revenue	**0**
Total rental revenue	**0**
Interest Revenue	
LIFT: equity dividends receivable	**0**
LIFT: loan interest receivable	**0**
Bank interest	**0**
Other loans and receivables	**0**
Impaired financial assets	**0**
Other financial assets	**0**
Total interest revenue	**0**
Total investment revenue	**0**

9. Other Gains & Losses

	2013-14 £'000
Gain (loss) on disposal of property, plant and equipment assets other than by sale	0
Gain (loss) on disposal of intangible assets other than by sale	0
Gain (loss) on disposal of financial assets other than held for sale	0
Gain (loss) on disposal of assets held for sale	0
Gain (loss) on foreign exchange	0
Change in fair value of financial assets carried at fair value through the statement of comprehensive net expenditure	0
Change in fair value of financial liabilities carried at fair value through the statement of comprehensive net expenditure	0
Change in fair value of investment property	0
Recycling of gain (loss) from equity on disposal of financial assets held for sale	0
Total	0

10. Finance Costs

	2013-14 £'000
Interest	
Interest on loans and overdrafts	0
Interest on obligations under finance leases	0
Interest on obligations under PFI contracts:	
· Main finance cost	0
· Contingent finance cost	0
Interest on obligations under LIFT contracts:	
· Main finance cost	0
· Contingent finance cost	0
Interest on late payment of commercial debt	0
Other interest expense	0
Total interest	0
Other finance costs	0
Provisions: unwinding of discount	0
Total finance costs	0

11. Net Gain (Loss) on Transfer by Absorption

Sheffield Clinical Commissioning Group had no net gains or losses on transfer by absorption as at 31 March 2014. Sheffield PCT ceased operations from 1 April 2013 in accordance with the Health and Social Care Act 2012 (HSCA2012). During the year some fixed assets relating to furniture and fittings and a corresponding revaluation reserve, that were previously on the statement of financial position of the Sheffield PCT, transferred to Sheffield Clinical Commissioning Group as an adjustment to opening balances. The Treasury has allowed for these assets to be accounted for using modified absorption accounting and therefore the transactions are accounted for through reserves rather than income or expenditure.

12. Operating Leases

12.1 As Lessee

12.1.1 Payments Recognised as an Expense

	2013-14			
	Land £'000	Buildings £'000	Other £'000	Total £'000
Minimum lease payments	0	838	0	**838**
Contingent rents	0	0	0	**0**
Sub-lease payments	0	0	0	**0**
Total	**0**	**838**	**0**	**838**

12.1.2 Future Minimum Lease Payments

	2013-14			
	Land £'000	Buildings £'000	Other £'000	Total £'000
Payable:				
· Not later than one year	0	0	0	**0**
· Between one and five years	0	0	0	**0**
· After five years	0	0	0	**0**
Total	**0**	**0**	**0**	**0**

Sheffield Clinical Commissioning Group occupies property owned and managed by NHS Property Services Ltd. For 2013-14, a transitional occupancy rent based on annual property cost allocations was agreed. This is reflected in Note 12.1.1. While our arrangements with NHS Property Services Ltd. fall within the definition of operating leases, the rental charge for future years has not yet been agreed. Consequently, this note does not include future minimum lease payments for these arrangements. The financial value included in the Statement of Comprehensive Net Expenditure for 2013-14 is £607k.

Sheffield Clinical Commissioning Group has entered into a financial arrangement involving the use of Walk In Centre premises. Under: IAS 17 Leases, SIC 27 'Evaluating the substance of transactions involving the legal form of a lease' and IFRIC 4 'Determining whether an arrangement contains a lease', the clinical commissioning group has determined that this operating lease must be recognised, but, as there is no formal contract in place for the arrangement entered into, it is not possible to analyse the arrangement over future financial years. The financial value included in the Statement of Comprehensive Net Expenditure for 2013-14 is £231k.

12.2 As Lessor

12.2.1 Rental Revenue

	2013-14 £'000
Rent	0
Contingent rents	0
Total	**0**

12.2.2 Future Minimum Rental Value

	2013-14 £'000
Receivable:	
· Not later than one year	0
· Between one and five years	0
· After five years	0
Total	**0**

13. Property, Plant & Equipment

	Land	Buildings excluding Dwellings	Dwellings	Assets under Construction & Payments on Account	Plant & Machinery	Transport Equipment	Information Technology	Furniture & Fittings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation at 01 April 2013	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Transfer of assets from closed NHS bodies as a result of the 1 April 2013 transition	**0**	0	0	0	0	0	0	205	**205**
Adjusted Cost or Valuation at 01 April 2013	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**205**	**205**
Addition of Assets under Construction & Payments on Account				0					**0**
Additions purchased	0	0	0		0	0	0	0	**0**
Additions donated	0	0	0	0	0	0	0	0	**0**
Additions government granted	0	0	0	0	0	0	0	0	**0**
Additions leased	0	0	0	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	0	0	0	**0**
Reclassified as held for sale and reversals	0	0	0	0	0	0	0	0	**0**
Disposals other than by sale	0	0	0	0	0	0	0	0	**0**
Upward revaluation gains	0	0	0	0	0	0	0	0	**0**
Impairments	0	0	0	0	0	0	0	0	**0**
Reversal of impairments	0	0	0	0	0	0	0	0	**0**
Transfer (to) from other public sector body	0	0	0	0	0	0	0	0	**0**
Cumulative depreciation adjustment following revaluation	0	0	0	0	0	0	0	0	**0**
Cost or Valuation at 31 March 2014	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**205**	**205**
Depreciation at 01 April 2013	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Transfer of assets from closed NHS bodies as a result of the 1 April 2013 transition	0	0	0	0	0	0	0	0	**0**
Adjusted Depreciation at 01 April 2013	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Reclassifications	0	0	0	0	0	0	0	0	**0**
Reclassified as held for sale and reversals	0	0	0	0	0	0	0	0	**0**
Disposals other than by sale	0	0	0	0	0	0	0	0	**0**
Upward revaluation gains	0	0	0	0	0	0	0	0	**0**
Impairments	0	0	0	0	0	0	0	0	**0**
Reversal of impairments	0	0	0	0	0	0	0	0	**0**
Charged during the year	0	0	0	0	0	0	0	205	**205**
Transfer (to) from other public sector body	0	0	0	0	0	0	0	0	**0**
Cumulative depreciation adjustment following revaluation	0	0	0	0	0	0	0	0	**0**
Depreciation at 31 March 2014	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**205**	**205**
Net Book Value at 31 March 2014	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Purchased	0	0	0	0	0	0	0	0	**0**
Donated	0	0	0	0	0	0	0	0	**0**
Government granted	0	0	0	0	0	0	0	0	**0**
Total at 31 March 2014	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Asset Financing									
Owned	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Held on finance lease	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
On-Statement of Financial Position private finance initiative & LIFT contracts	0	0	0	0	0	0	0	0	**0**
Private finance initiative residual interests	0	0	0	0	0	0	0	0	**0**
Total PFI & LIFT assets	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total at 31 March 2014	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Revaluation Reserve Balance for Property, Plant & Equipment									
Balance at 01 April 2013									**0**
Transfer of assets from closed NHS bodies as a result of the 1 April 2013 transition	0	0	0		0	0	0	0	**0**
Adjusted Balance at 01 April 2013	**0**	**0**	**0**		**0**	**0**	**0**	**0**	**0**
Revaluation gains	0	0	0		0	0	0	0	**0**
Impairments	0	0	0		0	0	0	0	**0**
Release to general fund	0	0	0		0	0	0	0	**0**
Balance at 31 March 2014	**0**	**0**	**0**		**0**	**0**	**0**	**0**	**0**

13.1 Additions to Assets Under Construction

	2013-14 £'000
Land	0
Buildings excluding dwellings	0
Dwellings	0
Plant & machinery	0
Transport equipment	
Information technology	0
Furniture & fittings	0
Total	0

13.2 Donated Assets

Sheffield Clinical Commissioning Group did not receive any donated assets in 2013/14.

13.3 Government Granted Assets

Sheffield Clinical Commissioning Group did not receive any government granted assets in 2013/14.

13.4 Property Revaluation

Sheffield Clinical Commissioning Group does not own any non current property assets. As a result, no revaluation of assets has occurred in 2013/14.

13.5 Compensation from Third Parties

Sheffield Clinical Commissioning Group did not impair any assets in 2013/14. As a result, no amounts are included in the Statement of Comprehensive Net Expenditure for compensation from Third parties.

13.6 Write Downs to Recoverable Amount

No assets were written down to recoverable amounts in 2013/14. There were no reversals of previous write downs in 2013/14.

13.7 Temporarily Idle Assets

Sheffield Clinical Commissioning Group had no temporarily idle assets as at 31 March 2014.

13.8 Cost or Valuation of Fully Depreciated Assets

The cost or valuation of fully depreciated assets still in use was as follows:

	2013-14 £'000
Land	0
Buildings excluding dwellings	0
Dwellings	0
Plant & machinery	0
Transport equipment	0
Information technology	0
Furniture & fittings	205
Total	205

13.9 Economic Lives

	Minimum Life (years)	Maximum Life (Years)
Land		
Buildings excluding dwellings	0	0
Dwellings	0	0
Plant & machinery	0	0
Transport equipment	0	0
Information technology	0	0
Furniture & fittings	0	0

14. Intangible Assets

	Computer Software: Purchased £'000	Computer Software: Internally Generated £'000	Licences & Trademarks £'000	Patents £'000	Development Expenditure (internally generated) £'000	Total £'000
Cost or Valuation at 01 April 2013	0	0	0	0	0	**0**
Transfer of assets from closed NHS bodies as a result of the 1 April 2013 transition	0	0	0	0	0	**0**
Adjusted Cost or Valuation at 01 April 2013	**0**	**0**	**0**	**0**	**0**	**0**
Additions purchased	0	0	0	0	0	**0**
Additions internally generated	0	0	0	0	0	**0**
Additions donated	0	0	0	0	0	**0**
Additions government granted	0	0	0	0	0	**0**
Additions leased	0	0	0	0	0	**0**
Reclassifications	0	0	0	0	0	**0**
Reclassified as held for sale and reversals	0	0	0	0	0	**0**
Disposals other than by sale	0	0	0	0	0	**0**
Upward revaluation gains	0	0	0	0	0	**0**
Impairments charged to revaluation reserve	0	0	0	0	0	**0**
Reversal of impairments charged to revaluation reserve	0	0	0	0	0	**0**
Transfer (to) from other public sector body	0	0	0	0	0	**0**
Cumulative depreciation adjustment following revaluation	0	0	0	0	0	**0**
Cost or Valuation at 31 March 2014	**0**	**0**	**0**	**0**	**0**	**0**
Amortisation at 01 April 2013	0	0	0	0	0	**0**
Transfer of assets from closed NHS bodies as a result of the 1 April 2013 transition	0	0	0	0	0	**0**
Adjusted Amortisation at 01 April 2013	**0**	**0**	**0**	**0**	**0**	**0**
Reclassifications	0	0	0	0	0	**0**
Reclassified as held for sale and reversals	0	0	0	0	0	**0**
Disposals other than by sale	0	0	0	0	0	**0**
Upward revaluation gains	0	0	0	0	0	**0**
Impairments charged to operating expenses	0	0	0	0	0	**0**
Reversal of impairments charged to operating expenses	0	0	0	0	0	**0**
Charged during the year	0	0	0	0	0	**0**
Transfer (to) from other public sector body	0	0	0	0	0	**0**
Cumulative depreciation adjustment following revaluation	0	0	0	0	0	**0**
Amortisation at 31 March 2014	**0**	**0**	**0**	**0**	**0**	**0**
Net Book Value at 31 March 2014	**0**	**0**	**0**	**0**	**0**	**0**
Purchased	0	0	0	0	0	**0**
Donated	0	0	0	0	0	**0**
Government granted	0	0	0	0	0	**0**
Total at 31 March 2014	**0**	**0**	**0**	**0**	**0**	**0**
Revaluation Reserve Balance for Intangible Assets						
Balance at 01 April 2013						**0**
Transfer of assets from closed NHS bodies as a result of the 1 April 2013 transition						**0**
Adjusted Balance at 01 April 2013	**0**	**0**	**0**	**0**	**0**	**0**
Revaluation gains	0	0	0	0	0	**0**
Impairments	0	0	0	0	0	**0**
Release to general fund	0	0	0	0	0	**0**
Balance at 31 March 2014	**0**	**0**	**0**	**0**	**0**	**0**

14.1 Donated Assets

Sheffield Clinical Commissioning Group did not receive any donated intangible assets in 2013/14.

14.2 Government Granted Assets

Sheffield Clinical Commissioning Group did not receive any government granted intangible assets in 2013/14.

14.3 Revaluation

Sheffield Clinical Commissioning Group does not own any intangible non current assets. As a result, no revaluation of assets has occurred in 2013/14.

14.4 Compensation from Third Parties

Sheffield Clinical Commissioning Group did not impair any assets in 2013/14. As a result, no amounts are included in the Statement of Comprehensive Net Expenditure for compensation from Third parties.

14.5 Write Downs to Recoverable Amount

No assets were written down to recoverable amounts in 2013/14. There were no reversals of previous write downs in 2013/14.

14.6 Non-capitalised Assets

Sheffield Clinical Commissioning Group does not control any significant intangible assets not recognised as assets because they didn't meet the recognition criteria.

14.7 Temporarily Idle Assets

Sheffield Clinical Commissioning Group had no temporarily idle assets as at 31 March 2014.

14.8 Cost or Valuation of Fully Depreciated Assets

Sheffield Clinical Commissioning Group had no fully depreciated intangible assets still in use as at 31 March 2014.

14.9 Economic Lives

	Minimum Life (years)	Maximum Life (Years)
Computer software: purchased	0	0
Computer software: internally generated	0	0
Licences & trademarks	0	0
Patents	0	0
Development expenditure (internally generated)	0	0

15. Investment Property

Sheffield Clinical Commissioning Group had no investment property as at 31 March 2014.

16. Inventories

Sheffield Clinical Commissioning Group had no inventories as at 31 March 2014.

17. Trade & Other Receivables

	Current 31 March 2014 £'000	Non-current 31 March 2014 £'000
NHS receivables: Revenue	2,463	0
NHS receivables: Capital	0	0
NHS prepayments and accrued income	3,367	0
Non-NHS receivables: Revenue	431	0
Non-NHS receivables: Capital	0	0
Non-NHS prepayments and accrued income	1,345	0
Provision for the impairment of receivables	0	0
VAT	15	0
Private finance initiative and other public private partnership arrangement prepayments and accrued income	0	0
Interest receivables	0	0
Finance lease receivables	0	0
Operating lease receivables	0	0
Other receivables	0	0
Total	**7,621**	**0**
Total Current and Non-Current	**7,621**	
Included in NHS receivables as pre-paid pension contributions	0	

The great majority of trade is with NHS England. As NHS England is funded by Government to provide funding to clinical commissioning groups to commission services, no credit scoring of them is considered necessary.

The credit quality of any other receivables that are neither past due or impaired are all assessed to be fully recoverable.

17.1 Receivables past their due date but not impaired

	2013-14 £'000
By up to three months	343
By three to six months	0
By more than six months	0
Total	**343**

Sheffield Clinical Commissioning Group did not hold any collateral against receivables outstanding at 31 March 2014.

17.2 Provision for impairment of receivables

	2013-14 £'000
Balance at 01 April 2013	**0**
Transfer of assets from closed NHS bodies as a result of the 1 April 2013 transition	0
Adjusted Balance at 01 April 2013	**0**
Amounts written off during the year	0
Amounts recovered during the year	0
(Increase) decrease in receivables impaired	0
Transfer (to) from other public sector body	0
Balance at 31 March 2014	**0**

Sheffield Clinical Commissioning Group has not impaired any receivables during the year ended 31 March 2014.

Receivables are provided against at the following rates:

	2013-14
NHS debt	0%
Debt with a payment plan in place that is being adhered to	0%
All other non-NHS debt between 90 and 120 days old	0%
All other non-NHS debt over 120 days old	0%

18. Other Financial Assets

Sheffield Clinical Commissioning Group had no other financial assets as at 31 March 2014.

19 Other Current Assets

Sheffield Clinical Commissioning Group had no other current assets as at 31 March 2014.

20. Cash and Cash Equivalents

	2013-14 £'000
Balance at 01 April 2013	**0**
Net change in year	73
Balance at 31 March 2014	**73**

	2013-14 £'000
Made up of:	
Cash with the Government Banking Service	73
Cash with Commercial banks	0
Cash in hand	0
Current investments	0
Cash and cash equivalents as in Statement of Financial Position	**73**
Bank overdraft: Government Banking Service	0
Bank overdraft: Commercial banks	0
Total bank overdrafts	**0**
Balance at 31 March 2014	**73**
Patients' money held by the clinical commissioning group, not included above	**0**

21. Non-Current Assets Held for Sale

Sheffield Clinical Commissioning Group had no non-current assets held for sale as at 31 March 2014.

22. Analysis of Impairments & Reversals

Sheffield Clinical Commissioning Group had no impairments or reversals of impairments recognised in expenditure during 2013-14.

23. Trade and Other Payables

	Current 31 March 2014 £'000	Non-current 31 March 2014 £'000
Interest payable	0	0
NHS payables: Revenue	967	0
NHS payables: Capital	0	0
NHS accruals and deferred income	8,275	0
Non-NHS payables: Revenue	720	0
Non-NHS payables: Capital	0	0
Non-NHS accruals and deferred income	23,141	0
Social security costs	57	0
VAT	0	0
Tax	62	0
Payments received on account	0	0
Other payables	510	0
Total	**33,734**	**0**
Total Current and Non-current	**33,734**	

Included in payables are liabilities of nil people due in future years under arrangements to buy out the liability for early retirement over 5 years.	**0**
Included in other payables are outstanding pension contributions of:	**84**

24. Other Financial Liabilities

Sheffield Clinical Commissioning Group had no other financial liabilities as at 31 March 2014.

25. Other Liabilities

Sheffield Clinical Commissioning Group had no other liabilities as at 31 March 2014.

26. Borrowings

Sheffield Clinical Commissioning Group had no borrowings as at 31 March 2014.

27. Private Finance Initiative, LIFT & Other Service Concession Arrangements

27.1 Off-Statement of Financial Position Private Finance Initiative, LIFT & Other Service Concession Arrangements

Sheffield Clinical Commissioning Group had no private finance initiative, LIFT or other service concession arrangements that were excluded from the Statement of Financial Position as at 31 March 2014.

27.2 On-Statement of Financial Position Private Finance Initiative, LIFT & Other Service Concession Arrangements

Sheffield Clinical Commissioning Group had no private finance initiative, LIFT or other service concession arrangements that were included in the Statement of Financial Position as at 31 March 2014.

28. Finance Lease Obligations

Sheffield Clinical Commissioning Group had no finance lease obligations as at 31 March 2014.

29. Finance Lease Receivables

Sheffield Clinical Commissioning Group had no finance lease receivables as at 31 March 2014.

30. Provisions

Sheffield Clinical Commissioning Group had no provisions as at 31 March 2014.

Under the Accounts Direction issued by NHS England on 12 February 2014, NHS England is responsible for accounting for liabilities relating to NHS Continuing Healthcare claims relating to periods of care before establishment of the clinical commissioning group. However, the legal liability remains with the CCG. The total value of legacy NHS Continuing Healthcare provisions accounted for by NHS England on behalf of this CCG at 31 March 2014 is £6,829,000.

31. Contingencies

Sheffield Clinical Commissioning Group had no contingent assets or liabilities as at 31 March 2014.

32. Commitments

32.1 Capital Commitments

Sheffield Clinical Commissioning Group had no contracted capital commitments not otherwise included in these financial statements as at 31 March 2014.

32.2 Other financial commitments

Sheffield Clinical Commissioning Group had no non-cancellable contracts (which were not leases, private finance initiative contracts or other service concession arrangements) as at 31 March 2014.

33. Financial Instruments

33.1 Financial Risk Management

International Financial Reporting Standard 7: Financial Instrument: Disclosure requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities.

Because the clinical commissioning group is financed through parliamentary funding, it is not exposed to the degree of financial risk faced by business entities. Also, financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The clinical commissioning group has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the clinical commissioning group in undertaking its activities.

Treasury management operations are carried out by the finance department, within parameters defined formally within the clinical commissioning group's standing financial instructions and policies agreed by the Governing Body. Treasury activity is subject to review by the clinical commissioning group's internal auditors.

33.1.1 Currency Risk

The clinical commissioning group is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The clinical commissioning group has no overseas operations. The clinical commissioning group therefore has low exposure to currency rate fluctuations.

33.1.2 Interest Rate Risk

The clinical commissioning group borrows from government for capital expenditure, subject to affordability as confirmed by NHS England. The borrowings are for 1 to 25 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. The clinical commissioning group therefore has low exposure to interest rate fluctuations.

33.1.3 Credit Risk

Because the majority of the clinical commissioning group's revenue comes from parliamentary funding, the clinical commissioning group has low exposure to credit risk. The maximum exposures as at the end of the financial year are in receivables from customers, as disclosed in the trade and other receivables note.

33.1.4 Liquidity Risk

The clinical commissioning group is required to operate within revenue and capital resource limits agreed with NHS England, which are financed from resources voted annually by Parliament. The clinical commissioning group draws down cash to cover expenditure, from NHS England, as the need arises, unrelated to its performance against resource limits. The clinical commissioning group is not, therefore, exposed to significant liquidity risks.

33.2 Financial assets

	At 'fair value through profit and loss'	Loans and Receivables	Available for Sale	Total
	£'000	£'000	£'000	£'000
Embedded derivatives	0	0	0	**0**
Receivables:				
· NHS		2,463		**2,463**
· Non-NHS		431		**431**
Cash at bank and in hand		73		**73**
Other financial assets	0	0	0	**0**
Total at 31 March 2014	**0**	**2,967**	**0**	**2,967**

33.3 Financial liabilities

	At 'fair value through profit and loss'	Other	Total
	£'000	£'000	£'000
Embedded derivatives	0	0	**0**
Payables:			
· NHS		9,243	**9,243**
· Non-NHS		23,861	**23,861**
Private finance initiative, LIFT and finance lease obligations		0	**0**
Other borrowings		0	**0**
Other financial liabilities		0	**0**
Total at 31 March 2014	**0**	**33,104**	**33,104**

34. Operating Segments

Sheffield Clinical Commissioning Group considers that it has only one segment: commissioning of healthcare services.

	Gross Expenditure £'000	Income £'000	Net Expenditure £'000	Total Assets £'000	Total Liabilities £'000	Net Liabilities £'000
Commissioning of Healthcare Services	699,126	(7,570)	**691,555**	7,694	(33,734)	**(26,040)**

During the year Sheffield Clinical Commissioning Group paid £361,196K (approx. 52% of total expenditure) to Sheffield Teaching Hospitals NHS Foundation Trust for the purchase of healthcare and other services provided.

During the year Sheffield Clinical Commissioning Group paid £81,641K (approx. 12% of total expenditure) to Sheffield Health and Social Care NHS Foundation Trust for the purchase of healthcare and other services provided.

35. Pooled Budgets

Sheffield Clinical Commissioning Group had entered into pooled budget with Sheffield City Council. The pool is hosted by Sheffield City Council. Under the arrangement funds are pooled under Section 75 of the NHS Act 2006 for **Learning Disabilities Services**. The memorandum account for the pooled budget is:

	31 March 2014 £'000
Income	1,777
Expenditure	(1,777)
Financial contribution of each of the partners	**£'000**
NHS Sheffield Clinical Commissioning Grou	677
Sheffield City Counci	1,100
	1,777
Allocation of Expenditure	**£'000**
Learning Disabilities Respite Services	(1,777)
	(1,777)

Sheffield Clinical Commissioning Group's shares of the income and expenditure handled by the pooled budget in the financial year were:

	31 March 2014 £'000
Income	677
Expenditure	(677)

Sheffield Clinical Commissioning Group had entered into pooled budget with Sheffield City Council. The pool is hosted by NHS Sheffield Clinical Commissioning Group. Under the arrangement funds are pooled under Section 75 of the NHS Act 2006 for **Community Equipment Services**. The memorandum account for the pooled budget is:

	2013-14 £'000
Income	2,750
Expenditure	(2,750)
Financial contribution of each of the partners	**£'000**
NHS Sheffield Clinical Commissioning Grou	1,814
Sheffield City Counci	936
	2,750
Allocation of Expenditure	**£'000**
Staffing Costs	(923)
Medical & Surgical Equipment	(785)
Running Costs	(1,042)
	(2,750)

Sheffield Clinical Commissioning Group's shares of the income and expenditure handled by the pooled budget in the financial year were:

	31 March 2014 £'000
Income	1,814
Expenditure	(1,814)

Certificate of Chief Finance Officer

I certify that the above pooled fund memorandum accounts accurately discloses the income received and expenditure incurred in accordance with the partnership agreement, as amended by any subsequent agreed variations, entered into under section 75 of the Health Act 2006 (formerly section 31 of the Health Act 1999).

Signed …….. Date …….
Chief Finance Officer

36. NHS LIFT Investments

Sheffield Clinical Commissioning Group had no NHS LIFT investments as at 31 March 2014.

37. Intra-Government & Other Balances

	Current Receivables £'000	Non-current Receivables £'000	Current Payables £'000	Non-current Payables £'000
Balances with:				
· Other Central Government bodies	61	0	209	0
· Local Authorities	1,114	0	4,018	0
Balances with NHS bodies:				
· NHS bodies outside the Departmental Group	649	0	106	0
· NHS Trusts and Foundation Trusts	5,181	0	9,137	0
	7,005	**0**	**13,470**	**0**
· Public Corporations and Trading Funds				
· Bodies external to Government	0	0	0	0
	616	0	20,264	0
Total as at 31 March 2014	**7,621**	**0**	**33,734**	**0**

38. Related Party Transactions

Details of related party transactions with individuals are as follows:

	Payments to Related Party £'000	Payments from Related Party £'000	Amounts owed to Related Party £'000	Amounts due from to Related Party £'000
Community Legal Advice Service South Yorkshire	25	0	25	0
Darnall Wellbeing	38	0	0	0
Dovercourt Surgery	1,150	125	78	0
Duke Medical Centre	1,024	0	90	0
Ecclesfield Group Practice	1,491	0	0	0
Firth Park Surgery	1,354	0	123	0
Manor Top Surgeries	294	0	25	0
Oughtibridge Surgery	1,045	0	72	0
Porterbrook Medical Centre	1,090	0	105	0
Primary Provider Ltd	176	0	19	0
Rivelin Healthcare Ltd	95	0	8	0
Selborne Road Medical Centre	361	0	31	0
Sheffield Hallam University	4	0	0	0
Sheffield Mental Health CAB	64	0	0	0
Shiregreen Medical Centre	1,291	0	115	0
Sloan Medical Centre	1,775	0	159	0
South Yorkshire Housing Association	2,558	0	0	0
Southey & Owlerton Area Regeneration	12	0	0	0
University of Sheffield	284	0	0	0
Voluntary Action Sheffield	2	0	0	0
Woodhouse Health Centre	2,370	0	231	0
Woodhouse Healthcare Services Ltd	12	0	0	0

The Department of Health is regarded as a related party. During the year the clinical commissioning group has had a significant number of material transactions with entities for which the Department is regarded as the parent Department. For example:
• NHS England;
• NHS Foundation Trusts;
• NHS Trusts;
• NHS Litigation Authority; and,
• NHS Business Services Authority.

In addition, Sheffield Clinical Commissioning Group has had a number of material transactions with other government departments and other central and local government bodies. Most of these transactions have been with Sheffield City Council.

39. Events After the Reporting Period

There are no post balance sheet events which will have a material effect on the financial statements of Sheffield Clinical Commissioning Group.

40. Losses & Special Payments

40.1 Losses

The total number of Sheffield Clinical Commissioning Group losses and special payments cases, and their total value, was as follows:

	31 March 2014 Total Number of Cases	31 March 2014 Total Value of Cases £
Losses	0	0
Special Payments	1	76

41. Third Party Assets

Sheffield Clinical Commissioning Group held no third party assets as at 31 March 2014.

42. Financial Performance Targets

Clinical commissioning groups have a number of financial duties

Sheffield Clinical Commissioning Group's performance against those duties was as follows:

NHS Act Section	Duty	31 March 2014 Maximum £'000	31 March 2014 Performance £'000	Duty Achieved?
223H (1)	Expenditure not to exceed income	0	6,920	Yes
223I (2)	Capital resource use does not exceed the amount specified in Directions	0	0	
223I (3)	Revenue resource use does not exceed the amount specified in Directions	698,475	691,555	Yes
223J(1)	Capital resource use on specified matter(s) does not exceed the amount specified in Directions	0	0	
223J(2)	Revenue resource use on specified matter(s) does not exceed the amount specified in Directions	684,405	681,890	Yes
223J(3)	Revenue administration resource use does not exceed the amount specified in Directions	14,070	9,665	Yes

Note: For the purposes of 223H(1); expenditure is defined as the aggregate of gross expenditure on revenue and capital in the financial year; and, income is defined as the aggregate of the notified maximum revenue resource, notified capital resource and all other amounts accounted as received in the financial year (whether under provisions of the Act or from other sources, and included here on a gross basis).

For item 223J(2), the specified matter relates to Programme expenditure

43. Impact of IFRS

	31 March 2014
	£'000
Depreciation charges	0
Interest expense	0
Impairment charge: Annually Managed Expenditure	0
Impairment charge: Departmental Expenditure Limit	0
Other Expenditure	0
Revenue receivable from subleasing	0
Total IFRS Expenditure (IFRIC 12)	**0**
Revenue consequences of private finance initiative/LIFT schemes under UK GAAP/ESA95 (net of any sublease revenue)	0
Net IFRS Change (IFRIC 12)	**0**

	31 March 2014
	£'000
Capital Consequences of IFRS: private finance initiative/LIFT and other service concession arrangements under IFRIC 12	
Capital expenditure	0
UK GAAP capital expenditure (reversionary interest)	0

44. Analysis of Charitable Reserves

Sheffield Clinical Commissioning Group does not produce consolidated accounts involving a charity.

Working with you to make Sheffield HEALTHIER

NHS Sheffield Clinical Commissioning Group

Appendix B

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Clare Partridge
Director
KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW

5 June 2014

Dear Clare

Letter of Representation

This representation letter is provided in connection with your audit of the financial statements of NHS Sheffield CCG ("the CCG"), for the year ended 31 March 2014, for the purpose of expressing an opinion:

i. as to whether these financial statements give a true and fair view of the financial position of the CCG as at 31 March 2014and of its net operating costs for the financial year then ended; and

ii. whether the financial statements have been prepared in accordance with the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service in England.

These financial statements comprise the Statement of Financial Position, the Statement of Comprehensive Net Expenditure, the Statement of Cash Flows, the Statement of Changes in Taxpayers Equity and notes, comprising a summary of significant accounting policies and other explanatory notes.

The Governing Body confirms that the representations it makes in this letter are in accordance with the definitions set out in the Appendix to this letter.

The Governing Body confirms that, to the best of its knowledge and belief, having made such inquiries as it considered necessary for the purpose of appropriately informing itself:

Financial statements

1. The Governing Body has fulfilled its responsibilities for the preparation of financial statements that:

    i. give a true and fair view of the financial position of the CCG as at 31 March 2014 and of its net operating costs for that financial year; and

    ii. have been prepared in accordance with the accounting policies directed by the Secretary of State with the consent of the Treasury as relevant to the National Health Service in England.

    The financial statements have been prepared on a going concern basis.

2. Measurement methods and significant assumptions used by the Governing Body in making accounting estimates, including those measured at fair value are reasonable.

3. All events subsequent to the date of the financial statements and for which IAS 10 *Events after the reporting period* requires adjustment or disclosure have been adjusted or disclosed.

4. The effects of uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole.

Information provided

5. The Governing Body has provided you with:

    - access to all information of which it is aware, that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
    - additional information that you have requested from the Governing Body for the purpose of the audit; and
    - unrestricted access to persons within the CCG from whom you determined it necessary to obtain audit evidence.

6. All transactions have been recorded in the accounting records and are reflected in the financial statements.

7. The Governing Body confirms the following:

    i. The Governing Body has disclosed to you the results of its assessment of the risk that the financial statements may be materially misstated as a result of fraud.

    ii. The Governing Body has disclosed to you all information in relation to:

    a) Fraud or suspected fraud that it is aware of and that affects the CCG and involves:

- management;
- employees who have significant roles in internal control; or
- others where the fraud could have a material effect on the financial statements; and

b) allegations of fraud, or suspected fraud, affecting the CCG's financial statements communicated by employees, former employees, analysts, regulators or others

In respect of the above, the Governing Body acknowledges its responsibility for such internal control as it determines necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In particular, the Governing Body acknowledges its responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

8. The Governing Body has disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

9. The Governing Body has disclosed to you and has appropriately accounted for and/or disclosed in the financial statements, in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

10. The Governing Body has disclosed to you the identity of the CCG's related parties and all the related party relationships and transactions of which it is aware. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with IAS 24 *Related Party Disclosures*.

11. The Governing Body confirms that all intra-NHS balances included in the Statement of Financial Position (SOFP) at 31 March 2014 in excess of £250,000 have been disclosed to you and that the CCG has complied with the requirements of the Intra NHS Agreement of Balances Exercise. The Governing Body confirms that Intra-NHS balances includes all balances with NHS counterparties, regardless of whether these balances are reported within those SOFP classifications formally deemed to be included within the Agreement of Balances exercise.

12. The Governing Body confirms that:

    a) The financial statements disclose all of the key risk factors, assumptions made and uncertainties surrounding the CCG's ability to continue as a going concern as required to provide a true and fair view.
    b) Any uncertainties disclosed are not considered to be material and therefore do not cast significant doubt on the ability of the CCG to continue as a going concern.

This letter was reviewed at the meeting of the CCG's Audit & Integrated Governance Committee on 5 June 2014 and also at the CCG's Governing Body meeting on 5 June 2014 at which it was agreed.

Yours sincerely

Ian Atkinson
Accountable Officer
NHS Sheffield Clinical Commissioning Group

Appendix to the Governing Body Representation Letter of NHS Sheffield CCG: Definitions

Financial Statements

IAS 1.10 states that a complete set of financial statements comprises:

- a statement of financial position as at the end of the period;
- a statement of comprehensive income for the period;
- a statement of changes in equity for the period;
- a statement of cash flows for the period;
- notes, comprising a summary of significant accounting policies and other explanatory information;
- a statement of financial position as at the beginning of the earliest comparative period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements.

Material Matters

Certain representations in this letter are described as being limited to matters that are material.

IAS 1.7 and IAS 8.5 state that:

> "Material omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor."

Fraud

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.

Error

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

a) was available when financial statements for those periods were authorised for issue; and
b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

Management

For the purposes of this letter, references to “management” should be read as “management and, where appropriate, those charged with governance”.

Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the “reporting entity”).

a) A person or a close member of that person’s family is related to a reporting entity if that person:
    i. has control or joint control over the reporting entity;
    ii. has significant influence over the reporting entity; or
    iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
b) An entity is related to a reporting entity if any of the following conditions applies:
    i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
    ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
    iii. Both entities are joint ventures of the same third party.
    iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
    v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
    vi. The entity is controlled, or jointly controlled by a person identified in (a).
    vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A reporting entity is exempt from the disclosure requirements of IAS 24.18 in relation to related party transactions and outstanding balances, including commitments, with:

a) a government that has control, joint control or significant influence over the reporting entity; and
b) another entity that is a related party because the same government has control, joint control or significant influence over both the reporting entity and the other entity.

Related party transaction

A transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

KPMG

cutting through complexity

Appendix C

NHS Sheffield Clinical Commissioning Group

ISA 260 Audit Highlights Memorandum

2013/14

June 2014

Contents

The contacts at KPMG in connection with this report are:

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This report is addressed to NHS Sheffield CCG ('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 Clare Partridge, 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.

Introduction

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 and will be presented to the Audit and Integrated Governance Committee (AIGC) on 5 June 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	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. 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.
Use of resources	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.
Audit certification	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, then we must report this to those charged with governance.

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.

Headlines

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	■ 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: – we have agreed some presentational changes to the accounts with management, mainly related to compliance with the Annual Reporting Guidance.
Use of resources	■ Based on the findings of our work, we concluded that the CCG has adequate arrangements to secure economy, efficiency and effectiveness in its use of resources.
Audit certification	■ 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	■ No recommendations were carried forward from predecessor bodies to the CCG. ■ We have made no recommendations as a result of our 2013/14 audit work.
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.

Headlines (cont.)

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

Public Interest Reporting	■ 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	■ 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.

Use of Resources

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 AGS and took 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 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 are satisfied that the CCG has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources 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:

	Accounts production stage		
Work Performed	**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.	✓	✓	–
5. Accounts Production: Review the accounts production process (as performed by the CCG)	✓	✓	✓
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 completed the first six stages of the process. We report our key findings from each stage in the remainder of this section.

Business Understanding	■ 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)	■ 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. ■ We used the work of your internal audit function, provided by 360 Assure, to inform our risk assessment. We did not identify any areas requiring additional work by ourselves and no issues arising that would affect our audit approach.

Accounts (cont.)

Assessment of the Control Framework (CSU and third party operated)	■ As part of our external audit work, we consider the matters set out in ISAE *3402 'Assurance Reports on Controls at a Service Organisation'* relating to the following organisations: – NHS Business Services Authority (BSA) (relating to prescribing costs); – NHS Shared Business Services (SBS) (relating to the Integrated Single Financial Environment, which runs the CCGs general ledger); – NHS West and South Yorkshire and Bassetlaw CSU (relating to the work provided on behalf of the CCG). ■ There are no issues arising from the assurance reports from SBS and the CSU that we need to report to you. However, we are still awaiting receipt of the assurance report relating to the NHS BSA to enable us to conclude our work. We will update the AIGC on this at the meeting on 5 June.
Prepared by Client Request	■ 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 Finance Team and this was issued as a final document. ■ The working papers that the finance team produced were of a high quality and further requests were met in a timely manner.
Accounting Standards and Accounting Policies	■ 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 *Manual for Accounts* and the *CCG Annual Reporting Guidance.* 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 10.

Accounts (cont.)

Accounts Production	■ 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. – Significant estimates have been made in relation to the accrual for prescribing costs for February and March 2014. ■ 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	■ We have identified one presentational issue which has been adjusted by management, it did not have any impact on the CCG's financial position. These are summarised at appendix A. ■ We have not identified any issues which were not adjusted. ■ Our findings related to areas of requiring audit focus are shown on page 10.
Representations and Opinions	■ 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 22 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 management representation letter is due to be formally considered by the AIGC on 5 June 2014.

Accounts (cont.)

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. Assets valued at £205k were transferred to the CCG from the demising organisations. The CCG has fully depreciated these assets during the year and value as at 31 March 2014 is nil. ■ We have not identified any other matters to specifically report.

Accounts (cont.)

During our testing we have considered the following areas requiring specific audit focus at the CCG this year and have summarised our findings in the table below.

Areas of audit focus	Summary of findings
CCG opening balances Audit areas affected ■ Financial statements	■ During the year it became clear that the significant provision balances would be retained in NHSE and not come back to the CCG. ■ The CCG was notified that it was receiving non-current assets for 2013/14 to the value of £205k. Other assets and liabilities were to be held by NHS England and NHS Property services. We have verified the appropriate accounting treatment of these assets by the CCG.
CSU assurance Audit areas affected ■ Financial statements ■ VFM conclusion	■ We have assessed the level of involvement of the CSU in the accounts production process and concluded that we would not be relying directly on any of the work of CSU. We identified that the controls and processes within the CCG will be sufficient for our audit procedures. ■ We received the Type I and Type II assurance reports from the Internal Auditors of the CSU on 23 May 2014. We have reviewed the findings in these reports and discussed any potential implications on the VFM conclusion with CCG officers. We are satisfied that the CCG has considered the issues arising from the Type I and Type II reports and that there is nothing that needs to be reflected in the CCG's Annual Governance Statement. As a result, we can confirm there is no impact from the assurance reports relating to the CSU on the CCG's VFM conclusion.

Accounts (cont.)

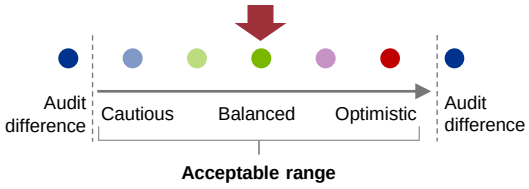
In our *External Audit Plan 2013/14* we also reported that we would focus on other areas as specifically required by professional standards. These areas were management override of controls, and the fraud risk of revenue recognition.

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

Other areas of audit focus	Summary of findings
Management override of controls Audit areas affected ■ All areas	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. 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. There are no matters arising from this work that we need to bring to your attention.
Fraud risk of income recognition Audit areas affected ■ None	Professional standards require us to make a rebuttable presumption that the fraud risk from revenue recognition is a significant risk. In our External Audit Plan 2013/14 we reported that 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. This is still the case. Since we have rebutted this presumed risk, there has been no impact on our audit work.

Accounts (cont.)

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 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
Prescribing Accrual		■ The CCG has made a balanced estimate of the accrual for the prescribing costs for February and March 2014.

Accounts (cont.)

Next Steps

We have completed the majority of our audit work. However, as at 21 May 2014, we are still awaiting the final mismatch report from NHSE to enable to us to conclude on the WGA submission and there are still some national issues to be clarified. We will update the AIGC on the outcomes of these items at the meeting on 5 June 2014.

Following consideration of the issues highlighted in this report the AIGC, at its meeting on 5 June 2014, will recommend the signing of the management representations letter at the Governing Body meeting also taking place on 5 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 B.

Audit Fees

Our fee for the audit in 2013/14 was £105,000 plus VAT. This fee was in line with that highlighted within our audit plan issued on 3 December 2013.

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

Appendix A: ISA 260 Communication of Audit Differences

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 £650k. We are also required to report all material misstatements that management has corrected but that we believe should be communicated to the AIGC to assist it in fulfilling its governance responsibilities.

This appendix sets out the audit differences that we identified following the completion of 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

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

Presentational Issues

We identified a number of presentational issues during our audit. The material and sensitive ones have been amended by the CCG and are detailed below; there is no impact on the income and expenditure as a result of the amendment:

- **Note 5 Operating expenses** – “Audit fees” were incorrectly disclosed as £116k; this is net of the rebate received from the Audit Commission and it should be disclosed in full. The figure was amended to £126k (including VAT).

The non-material presentational issue that has not been amended, but that we wanted to bring to your attention, include:

- **Note 23 Trade and Other Payables** – “Non-NHS accruals and deferred income” included £6.6m relating to an actual payment relating to Prescribing. This should really be classified as “Non-NHS payables, revenue” as it relates to an actual amount paid rather than an accrual.

None of the above have any impact on the income or expenditure of the CCG.

Other Matters

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

Appendix B: ISA 260 Declaration of Independence and Objectivity

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.

Appendix B: ISA 260 Declaration of Independence and Objectivity (cont.)

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 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.

Appendix C: National Audit Office Group Assurance

As auditors of NHS Sheffield 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 Sheffield CCG (£'000)	Balance as per counter party (£'000)	Difference (£'000)	Comments on Difference
Sheffield Teaching Hospitals NHS Foundation Trust	Receivables	4,853	2,971	1,882	The CCG has recorded a credit note received from the Foundation Trust as a debtor but the Foundation Trust has not transferred it to creditors in its accounts, instead leaving it in debtors. We have seen the credit note and believe the CCG's balance is correct.
Sheffield Teaching Hospitals NHS Foundation Trust	Payables	6,646	4,765	1,881	See above.
NHS Property Services	Expenditure (programme)	0	606	606	This relates to the rent on the CCG building and has been recorded under 'admin' in the CCG's expenditure. However, Property Services has classified it as 'programme'. We confirm the CCG's classification is correct.
NHS Property Services	Expenditure (admin)	606	0	606	See above.

cutting through complexity

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