

Audit Findings for NHS Somerset ICB

For the year ended 31 March 2025

12 June 2025





DRAFT

NHS Somerset ICB
Wynford House
Yeovil, Somerset
BA22 8HR

Grant Thornton UK LLP
2 Glass Wharf
Bristol
BS2 0EL

www.grantthornton.co.uk

Dear Alison

Audit Findings for NHS Somerset ICB for the year ended 31 March 2025

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process and confirmation of auditor independence, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK), which is directed towards 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 for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to manage risk, quality and internal control particularly through our Quality Management Approach. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at [transparency-report-2023.pdf \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/transparency-report-2023.pdf).

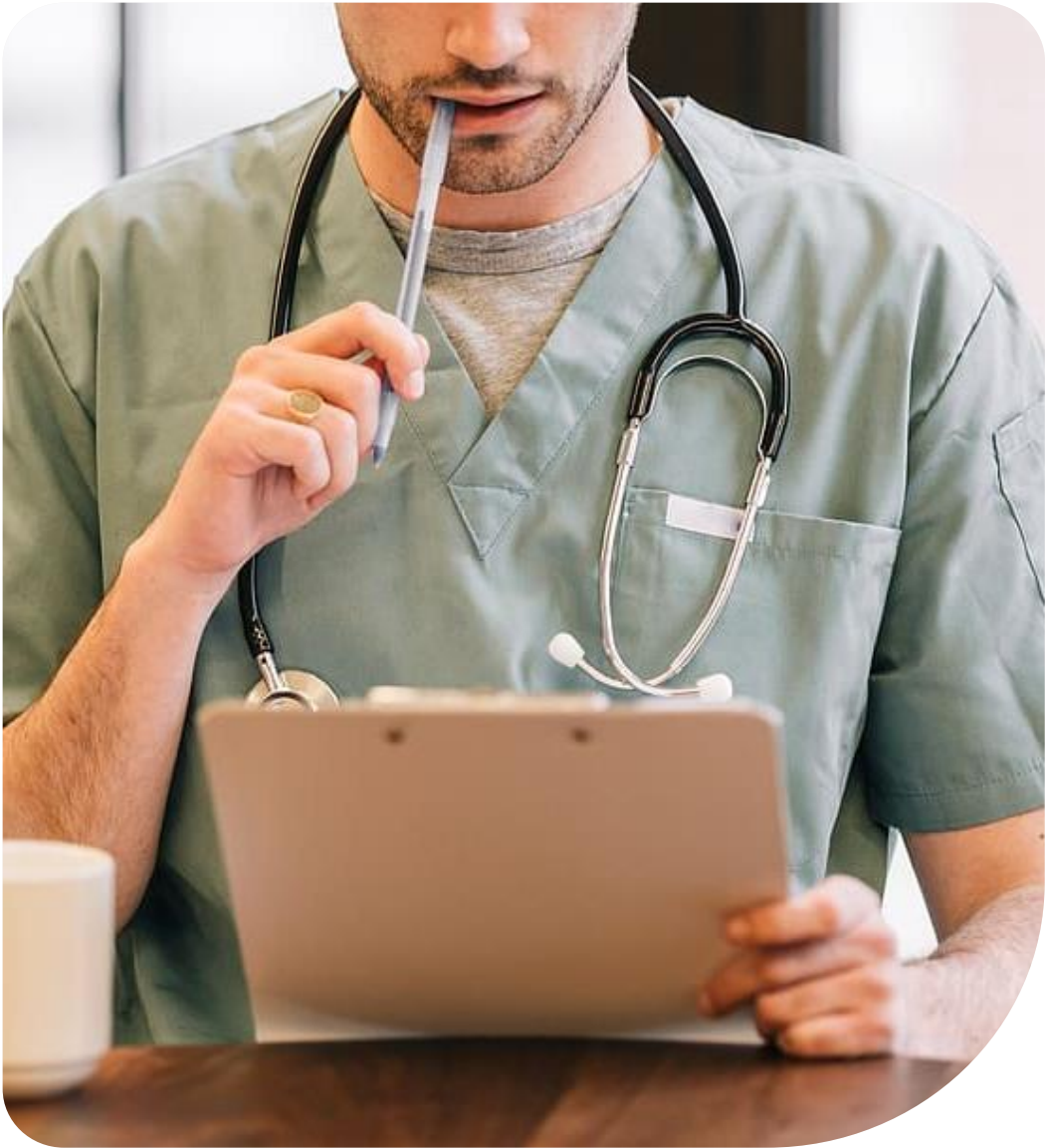
We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Barrie Morris

Partner
For Grant Thornton UK LLP

Chartered Accountants

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: 8 Finsbury Circus, London EC2M 7EA. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.



Contents

Section	Page
Headlines	4
Our approach to materiality	7
Overview of significant risks identified	9
Other findings	13
Communication requirements and other responsibilities	17
Audit adjustments	22
Value for Money arrangements	27
Independence considerations	29
Appendices	32

Appendices	Page
A. Communication with those charged with governance	33
B. Action plan	34
C. Follow up of prior year recommendations	35
D. Our team and communications	37
E. Logistics	38
F. Audit opinion	39

1 Headlines

Headlines

Summary of the key findings and other matters arising from the statutory audit of NHS Somerset ICB ('the ICB') and the preparation of the ICB's financial statements for the year ended 31 March 2025 for those charged with governance.

Financial statements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- The ICB's financial statements give a true and fair view of the financial position of the ICB and of its income and expenditure for the period;
- The ICB's financial statements, and the parts of the Remuneration and Staff Report to be audited, have been properly prepared in accordance with the Department of Health and Social Care (DHSC) group accounting manual 2024/25 (GAM); and
- Expenditure has been incurred 'as intended by Parliament'.

We are also required to report whether other information published together with the audited financial statements in the Annual Report, is materially consistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Our findings are summarised on pages 9 to 27. We have not identified any adjustments to the financial statements which impacts your reported net expenditure for the year. We have identified several disclosure amendments. These amendments are detailed at pages 23 to 25. We have also raised recommendations for management as a result of our audit work. These are set out in Appendix B. Our follow up of recommendations from the prior year's audit are detailed in Appendix C.

Our work is substantially complete and there are no matters of which we are currently aware that would require modification of our audit opinion (Appendix F) or material changes to the financial statements, subject to the following matters;

- finalisation of review points raised by audit manager and key audit partner;
- receipt of management representation letter; and
- review of the final set of financial statements, including confirming the other information published together with the financial statements remains consistent post all audit adjustments.

We have concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the financial statements we have audited.

Subject to completion of outstanding testing, our regularity work has confirmed that expenditure included in the financial statements has been applied for the purposes intended by Parliament.

Our anticipated audit report opinion, as set out in Appendix F will be unmodified.

Headlines

Summary of the key findings and other matters arising from the statutory audit of NHS Somerset ICB (‘the ICB’) and the preparation of the ICB’s financial statements for the year ended 31 March 2025 for those charged with governance.

Value for Money (VFM) arrangements	
<p>Under the National Audit Office (NAO) Code of Audit Practice (‘the Code’), we are required to consider whether the ICB has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are required to report in detail on the ICB’s overall arrangements, and set out our key recommendations on any significant weaknesses in arrangements identified during the audit.</p> <p>Auditors are required to report their commentary on the ICB’s arrangements under the following specified criteria:</p> <ul style="list-style-type: none"> - Improving economy, efficiency and effectiveness; - Financial sustainability; and - Governance. 	<p>As part of planning our audit work, we considered whether there were any risks of significant weakness in the ICB’s arrangements for securing economy, efficiency and effectiveness in its use of resources. We have not identified any risks of significant weakness. We summarise our findings in the Auditor’s Annual Report.</p> <p>We have completed our work on Value for Money arrangements and our findings are set out in our Auditor’s Annual Report which was presented to the Audit Committee on 12 June 2025.</p> <p>During our audit work no significant weakness have been identified.</p> <p>We have identified improvement recommendations, which are set out in our Auditor’s Annual Report.</p>
Statutory duties	
<p>The Local Audit and Accountability Act 2014 (‘the Act’) also requires us to:</p> <ul style="list-style-type: none"> • report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and • to certify the closure of the audit. 	<p>We have not exercised any of our additional statutory powers or duties to date.</p> <p>We cannot formally conclude the audit and issue an audit certificate for NHS Somerset ICB for the year ended 31 March 2025 in accordance with the requirements of the Local Audit and Accountability Act 2014 until the National Audit Office has concluded their work in respect of consolidation returns for the year ended 31 March 2025.</p>

2 Our approach to materiality

Our approach to materiality

As communicated in our Audit Plan dated 5 March 2025, we determined materiality at the planning stage as £29.1m based on 2% of forecasted operating costs at planning stage. On receipt of draft financial statements, we have reconsidered planning materiality based on the 2024/25 figures in the draft financial statements.

Our approach to determining materiality is set out here.

Materiality area ²	Amount (£m)	Qualitative factors considered
Materiality for the financial statements	£29.100	This is equivalent to approximately 2% of the forecasted operating expenses at planning stage. We have not identified a significant change or any conditions that warrants a change to the materiality we have identified at planning stage.
Performance materiality for the financial statements	£21.800	Performance materiality has been set at 75% of financial statements materiality. This reflects our risk-assessed knowledge of potential for errors occurring. Performance materiality is used for the purposes of assessing the risks of material misstatement and determining the nature, timing, and extent of further audit procedures. This is the amount we set at less than materiality for the financial statements as a whole, to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.
Reporting threshold	£0.300	<p>This balance is set at £300k as this is the reporting threshold for any errors identified as part of our work on the National Audit Office's Whole of Government Accounts (WGA) exercise.</p> <p>In late May 2025, NAO issued an updated NHS Group Instruction. They have increased their component trivial threshold to £1m but this remains at £300k for losses and special payments, gifts and contingent liability disclosures, and for specified procedures to support regularity opinion.</p> <p>The engagement team decided to retain the reporting threshold of £300k that we have used at the beginning of our audit. However, we used the £1m threshold in testing the Agreement of Balances (AoB). This meant that we investigate any AoB variances greater and equal to £1m.</p>
Materiality for Senior Officer Remuneration	£0.020	Due to the public interest in senior officer remuneration disclosures, we apply specific audit procedures to this work and set a lower materiality level for this area. We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be applicable for senior officer remuneration disclosures. We evaluate errors in this disclosure for both quantitative and qualitative factors against this lower level of materiality. We will apply heightened auditor focus in the completeness and clarity of disclosures in this area and will request amendments to be made if any errors exceed the threshold we have set or would alter the bandings reported for any individual.

3 Overview of significant risks identified

Overview of significant risks identified

The below table summarises the significant risks discussed in more detail on the subsequent pages.

Significant risks are defined by ISAs (UK) as an identified risk of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum due to the degree to which risk factors affect the combination of the likelihood of a misstatement occurring and the magnitude of the potential misstatement if that misstatement occurs. A significant risk can be a significant risk due to error or due to fraud. For the purposes of the ISAs (UK), the auditor is concerned with fraud or suspected fraud that causes a material misstatement in the financial statements. Two types of intentional misstatements are relevant to the auditor – misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets. As part of our consideration of risks relating to fraudulent financial reporting we consider the potential for override of controls or other inappropriate influence over the financial reporting process, such as efforts by management to manage expenditure and accruals in order to influence the ICB’s year end performance.

Other risks are, in the auditor’s judgment, those where the risk of material misstatement is lower than that for a significant risk, but they are nonetheless an area of focus for our audit.

Risk title	Risk level	Change in risk since Audit Plan	Fraud risk	Level of judgement or estimation uncertainty	Findings
Risk 1 Management override of controls	Significant	↔	✓	High	●
Risk 2 Fraud in expenditure recognition (Cut-off risk)	Significant	↔	✓	Medium	●

Key

↑

Assessed risk increase since Audit Plan

↔

Assessed risk consistent with Audit Plan

↓

Assessed risk decrease since Audit Plan

●

No adjustment or change in disclosure required

●

Non-material adjustment or change in disclosure required

●

Material adjustment or change in disclosure required

Overview of significant risks identified – financial statements

Risks identified in our Audit Plan	Audit procedures performed	Key observations
<p>Management override of controls In accordance with ISA (UK) 240, we have identified a risk of fraud in respect of management override of controls.</p>	<p>We have:</p> <ul style="list-style-type: none"> reviewed the accounting estimates, judgements and decisions made by management; understood the business processes and controls; evaluated the design effectiveness of management controls over journals; analysed the journals listing and determined the criteria for selecting high risk unusual journals; tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration; and evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. 	<p>Our work has not identified any issues in respect of management override of controls. However, we have identified the following deficiencies in relation to process and controls around journals:</p> <ul style="list-style-type: none"> Incompatible roles within journal process whereby individuals can both post and approve their own journals. Our work to date has not identified any journals posted and approved by ICB finance team. However, we have identified 12 journals posted and approved by SBS users. Based on the understanding we have obtained from management, this relates to monthly bank reconciliations. We have selected two journals to test. Our testing of these journals has not identified any issues. The journals posted and approved by these individuals are evidenced by supporting records. Five members of the Finance Team have system administrative rights within Oracle. They can post journals and also have the ability to grant access rights to and delete existing users and add new users. This creates a risk of creating fictitious users and posting fictitious journals. We have created focus testing on the journals posted by these individuals. Our testing of these has not identified any issues. The journals posted by these individuals are evidenced by supporting records. The prior year deficiency and recommendation raised around significantly high authorisation levels of £1 billion for seven individuals and £100 million for two individuals has been addressed by management. However, we have noted that approval limits have been given to individuals who can post journals. This creates a risk of self-authorised journals. We have raised a recommendation in relation to this. <p>Further information of these deficiencies and the recommendations we raised are detailed in Appendix B.</p>

Overview of significant risks identified – financial statements

Risks identified in our Audit Plan	Audit procedures performed	Key observations
<p>Fraud in expenditure recognition (partially rebutted)</p> <p>In accordance with PN10, we have identified a risk of fraud in respect of the improper recognition of expenditure.</p> <p>We partially rebutted the risk of fraud and only identified cut-off risk in the ICB’s non-block and other operating expenditure and its associated payables.</p>	<p>We have:</p> <ul style="list-style-type: none">evaluated the design and implementation effectiveness of management controls over its accrual process;test a sample of invoices input to accounts payable system pre and post period-end and confirm that these were corrected accounted for in the correct period; andreviewed the unmatched expenditure and payable balances with NHS bodies (in the DHSC mismatch period) and corroborate the ICB’s unmatched balances to supporting evidence.	<p>Our work has not identified any issues with regards to the cut-off assertion of non-block and other operating expenditure and its associated payables. We deemed that the ICB has recorded their expenditure and associated payables in the correct financial year.</p>

4 Other findings

Other findings – key judgements and estimates

This section provides commentary on key estimates and judgements in line with the enhanced requirements for auditors.

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
Prescribing Accrual	Within the financial statements, 10 months of actual costs for primary care prescribing and a two-month estimate (accrual) are included. The accrual is based on a combination of the BSA forecast for the year and intelligence on local prescribing trends and information.	<p>Total prescribing expenditure during 2024/25 was £102m. This figure is made up of year-to-date actual expenditure to January 2025 of £85m, with a large part of the remaining balance being estimated accrual of £17m for the final two months of the financial year.</p> <p>We reported in our Audit Findings Report in 2023/24 that the ICB had over accrued by £0.793m for prescribing costs. This will result in an understatement of expenditure in 2024/25.</p> <p>We have reviewed the calculation of the estimated in 2024/25 accruals based on management's approach and compared the estimate to the post year-end actual data for February and March 2025. For NHS Somerset ICB, the actual costs were lower than the estimate and hence, costs were again over accrued by £0.706m in the financial statements. This will have the impact of understating expenditure in 2025/26.</p> <p>We have reported this as an unadjusted misstatement, please see page 26. Management are not proposing to adjust on the grounds of materiality.</p> <p>In assessing the 2024/25 over accrual, we have also considered the over accrual in the prior period. This means that the net impact on this year is an understatement of prescribing costs of £0.087m.</p> <p>As part of our evaluation, we are required to consider the impact this might have on the ICB's breakeven duty. The ICB reported a surplus of £0.022m for the year and therefore any understatement of expenditure of more than £0.022m would involve us considering impact on the regulatory opinion. As the total impact of current and prior year unadjusted misstatements to the ICB's 2024/25 position is an increase in surplus of £0.377m to £0.399m, we have confirmed that the ICB met its statutory duty to breakeven.</p> <p>We have discussed with management that this could impact on the 2025/26 accrual as the ICB have recognised 2025/26 costs early and will therefore represent an understatement of prescribing costs at the 31 March 2026 year end; if this were not offset by a further over-accrual.</p>	We consider the estimate is unlikely to be materially misstated however, management's estimation contains assumptions we consider cautious.
Pharmacy Accrual	As above – similar process for prescribing accrual.	<p>In 2024/25, the value of the pharmacy accrual for February and March 2025 is £2.770m. Following the submission of the draft financial statements, the actual February and March pharmacy spend data was received by the ICB. The actual figures showed pharmacy expenditure in the last 2 months of £1.884m, which we identified an over accrual of £0.886m.</p> <p>We have reported this as an unadjusted misstatement, please see page 26. Management are not proposing to adjust on the grounds of materiality.</p> <p>We reported in our Audit Findings Report in 2023/24 that the ICB had over accrued by £0.422m for pharmacy accrual. This will cause an understatement in 2024/25. Considering this year's over accrual, the net impact on this year is an overstatement of pharmacy accrual by £0.464m.</p> <p>As part of our evaluation, we are required to consider the impact this might have on the ICB's breakeven duty. The ICB reported a surplus of £0.022m for the year and therefore any understatement of expenditure of more than £0.022m would involve us considering impact on the regulatory opinion. As above reported, the total impact of current and prior year unadjusted misstatements to the ICB's 2024/25 position is an increased surplus of £0.399m.</p> <p>We have discussed with management that this could impact on the 2025/26 accrual as the ICB have recognised 2025/26 costs early and will therefore represent an understatement of prescribing costs at the 31 March 2026 year end; if this were not offset by a further over-accrual.</p>	We consider the estimate is unlikely to be materially misstated however, management's estimation contains assumptions we consider cautious.

Other findings – information technology

This section provides an overview of results from our assessment of information technology (IT) environment and controls which included identifying risks from the use of IT related to business process controls relevant to the financial audit. This includes an overall IT general control (ITGC) rating per IT system and details of the ratings assigned to individual control areas.

IT application	Level of assessment performed	Overall ITGC rating	ITGC control area rating			Related significant risks/other risks
			Security management	Technology acquisition, development and maintenance	Technology infrastructure	
Oracle	Review of service auditor reports and design and implementation effectiveness assessment of complementary user entity controls.	<div></div>	<div></div>	<div></div>	<div></div>	Management override of controls

At planning stage, we have scoped work for Electronic Staff Record (ESR). However, upon receipt of your draft financial statements, the staff costs fell below our materiality . This fell out of scope for audit work and no further procedures performed over ESR.

Assessment

- Significant deficiencies identified in IT controls relevant to the audit of financial statements
- Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
- IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
- Not in scope for testing

Other findings

Matter	Commentary	Auditor view
<p>Service Auditor Reports</p> <p>Under ISA 315R, auditors are required to understand and assess relevant internal controls of the systems relevant to the preparation of financial statements. This includes systems provided by service organisations. An independent auditor produces a service auditor report to provide management with assurance over the internal control environment of the system they use and as external auditors we review these service auditor reports when undertaking our work.</p> <p>The following systems used by the ICB are provided by service organisations. The data from these systems are relevant to preparation of financial statements of the ICB.</p> <ul style="list-style-type: none"> Finance and Accounting Services: Oracle E-Business Suite (EBS) and Business Intelligence (BI) NHS Business Services Authority: Prescription and Dental Payments Capita Primary Care Support Services 	<p>NHS Shared Business Service Limited: Finance and Accounting Services</p> <p>A qualified opinion was given due to the following:</p> <ul style="list-style-type: none"> Control Objective 3 – Controls exist to provide reasonable assurance that new supplier master data and changes to supplier master data are approved by appropriate individuals. A deviation was noted in testing that for 1 out of 25 samples there were no validation checks performed prior to change to bank details. Control Objective 8 – Controls exist to provide reasonable assurance that Sales Ledger transactions processed by NHS SBS are authorised by appropriate client user on the approved user hierarchy. Deviations were noted that for 2 of 40 samples, NHS SBS accounts receivable team did not check the authorisation was appropriate to client user’s credit memo limit prior to processing. Control Objective 19 – Controls exist to provide reasonable assurance that there is segregation of duties for System Administration on FMIS. For the period 1 April 2024 to 31 October 2024, deviations were noted wherein 1 of 19 users was a generic user account, 1 of 19 users was an SBS client employee and 17 other users had access to the FMIS system user setup. <p>As per our assessment, the findings noted by the service auditor is not relevant to ITGC control testing in scope for this IT application and therefore, we have not performed further procedures.</p> <p>NHS Business Services Authority: Prescription and Dental Payments</p> <p>The ISAE 3402 Service Auditor Report for NS Business Services Authority: Prescription and Dental Payments gives a clean opinion on the controls reviewed. No issues were identified within the report.</p> <p>Capita Primary Care Support Services</p> <p>A qualified opinion was given due to the following:</p> <ul style="list-style-type: none"> Control Objective 11 – Capita states in their description that they have controls in place to ensure that instances where users had access to the finance role in PCSE online for external uses is granted to a user with the appropriate approval form. During the period 1 April 2024 to 31 March 2025, the aforementioned access to finance roles could not be evidenced in 2 out of 60 selected instances. <p>As per our assessment, the qualification is not considered to impact on the audit approach as observation noted was only relevant for application ‘PCSE Online’. There is no observation noted with respect to other IT relevant applications. Additionally, the central IT audit team of Grant Thornton reviewed the compensatory controls related to PCSE Online and they considered these to be sufficiently robust to address the risk of inappropriate access being assigned in the year.</p>	<p>We have considered the control findings identified and do not consider them significant enough to have an impact on our audit opinion.</p> <p>The qualifications are relevant to controls operating at the third party and not the ICB.</p> <p>We are satisfied that the ICB has appropriate compensating controls in these areas to mitigate against any increased area of risk.</p>

5 Communication requirements and other responsibilities

Communication requirements

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit Committee. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedure.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations, and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from the ICB which is included as a separate agenda item.
Accounting practices	We have evaluated the appropriateness of the ICB’s accounting policies, accounting estimates and financial statement disclosures. We are satisfied with the accounting policies, accounting estimates and financial statement disclosures contained within the statements. A number of minor amendments were made to the accounting policies to enhance the transparency of the disclosures within the Accounts, which are documented within Pages 23 to 24.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to the ICB’s bank. This permission was granted and the requests were sent. We have received the confirmation and no issues identified with regards to this.
Disclosures	Our review found no material omissions in the financial statements.
Audit evidence and explanations	All information and explanations requested from management was provided.
Significant difficulties	We have not identified significant difficulties in our audit.

Other responsibilities

Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2024). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none">the use of the going concern basis of accounting is not a matter of significant focus of the auditor’s time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity’s services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entitiesfor many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the ICB’s financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the ICB meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none">the nature of the ICB and the environment in which it operatesthe ICB’s financial reporting frameworkthe ICB’s system of internal control for identifying events or conditions relevant to going concernmanagement’s going concern assessment. <p>On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none">a material uncertainty related to going concern has not been identified; andmanagement’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Other responsibilities

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. A small number of amendments were made to the annual report to ensure that this is in line with the GAM.</p> <p>We plan to issue an unmodified opinion in this respect.</p>
Auditable elements of Remuneration Report and Staff Report	<p>We are required to give an opinion on whether the parts of the Remuneration Report and Staff Report subject to audit have been prepared properly in accordance with the requirements of the Act, directed by the Secretary of State with the consent of the Treasury.</p> <p>We have audited the elements of the Remuneration Report and Staff Report, including the Fair Pay Multiple Disclosures, as required by the GAM, and have identified a number of small amendments that will be processed by the ICB in the updated Report.</p> <p>We propose to issue an unqualified opinion on this.</p>

Other responsibilities under the Code

Issue	Commentary
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> the Annual Governance Statement does not comply with guidance issued by NHS England or is misleading or inconsistent with the information of which we are aware from our audit; the information in the annual report is materially inconsistent with the information in the audited financial statements or is apparently materially incorrect based on, or is materially inconsistent with, our knowledge of the ICB acquired in the course of performing our audit, or otherwise misleading; if we have applied any of our statutory powers or duties; or where we are not satisfied in respect of arrangements to secure value for money and have reported significant weaknesses. <p>We have nothing to report on these matters.</p>
Review of accounts consolidation schedules and specified procedures on behalf of the group auditor	<p>We are required to give a separate audit opinion on the ICB accounts consolidation schedules and to carry out specified procedures (on behalf of the NAO) on these schedules under group audit instructions. In the group audit instructions the ICB was not selected as a sampled component.</p> <p>We have nothing to report on these matters.</p>
Certification of the closure of the audit	<p>We cannot formally conclude the audit and issue an audit certificate for NHS Somerset ICB for the year ended 31 March 2025 in accordance with the requirements of the Local Audit and Accountability Act 2014 until the National Audit Office has concluded their work in respect of consolidation returns for the year ended 31 March 2025.</p>
Regularity opinion	<p>This opinion sets out whether expenditure incurred is in line with the purposes for which it was provided.</p> <p>We are also required to identify whether any unadjusted misstatements impact the ICB surplus position. Where there is such an impact, we are required to consider whether that will impact the regularity opinion we should give. Following our 2024/25 audit, we can confirm that there is no impact of the regularity opinion.</p>

6 Audit adjustments

Audit adjustments

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

No adjusted misstatements have been identified at the date of issuing our report. We will provide an update to Management and the Audit Committee should any issues be identified from the remaining testing.

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure	Misclassification or change identified	Adjusted?
Related Party	The related party transactions note disclosure relating to Department o f Health and Social Care was incomplete in the draft account. The client has agreed to amend as follows: “The Department Health and Social Care is the parent department of NHS Somerset ICB. During the year, the ICB has had a significant number of material transactions with other entities for which the Department is regarded as the parent Department.”	✓
Related Party	Our work on related parties identified that the ICB considered various entities to whom their members have interests with as related party of the ICB. The ICB had disclosed the transactions with these entities. We do not deem that these entities meet to definition of a related party within IAS 24. This is an over disclosure rather than not being in line with the standards and DHSC GAM. The ICB have retained this disclosure to ensure transparency to users of financial statements. They have agreed to add additional narrative to clarify this.	✓
Related Party	Our work on agreement of balances testing identified that the ICB have transactions with Sulis Hospital Bath and Symphony Healthcare Services Ltd & Simply Serve Ltd. Upon discussion with the ICB, we identified that these are subsidiaries of Royal United Hospitals Bath NHS Foundation Trust and Somerset NHS Foundation Trust, respectively. This has been added to Related Party Transactions disclosure note to ensure that all transactions with related parties are disclosed.	✓
Financial Instrument	Our work on financial instruments identified that a liquidity risk disclosure needs to be amended as the context of the overall disclosure does not support it. The client has agreed to amend as follows: “NHS Somerset Integrated Care Board is required to operate within revenue and capital resource limits, which are financed from resources voted annually by Parliament. NHS Somerset Integrated Care Board draws down cash to cover expenditure, as the need arises. NHS Somerset Integrated Care Board, therefore, is not exposed to significant liquidity risks.”	✓
Financial Instrument	Our work identified that the prior year comparative of financial instruments has not been disclosed. This is not in line with paragraph 5.9 of DHSC GAM. The client has agreed to add the prior year comparative figures.	✓
Financial Instrument	Financial liabilities disclosure have been updated to remove reference to Private Finance Initiative and finance lease obligations and replace with Lease liabilities.	✓

Audit adjustments

Disclosure	Misclassification or change identified	Adjusted?
Accounting Policies	Additional disclosure has been added to Note 1.27 for IFRS 17 to disclose the potential impact of the standard for the ICB. This additional disclosure read as follows: <i>NHS Somerset ICB has undertaken a review of contracts and is not currently expecting any impact from the implementation of this accounting standard.</i>	✓
Accounting policies	We noted an accounting policy referencing to a transition phase from Clinical Commissioning Group to Integrated Care Board. The client has agreed to remove this as this is not relevant for 2024/25. In addition, Accounting Policies 1.19.2 Financial assets at fair value through other comprehensive income and 1.19.3 Financial assets at fair value through profit and loss had been removed as this is not applicable to the ICB given that their financial instruments are measured at amortised cost.	✓
Better Payment Practice Code (BPPC)	Our work on Note 6 BPPC disclosure identified that the Non-NHS Payables value do not match the supporting workings. Client agreed to amend as follows: Total Non-NHS trade invoices paid in the year – from £379,568k to £378,451k Total Non-NHS trade invoices paid within target – from £379,502k to £378,384k	✓
Financial Performance Targets	Our work on Note 20 Financial Performance Targets identified that the performance figure under the line ‘Revenue administration resource use does not exceed the amount specified in Directions’ does not agree to supporting records. The client agreed to amend this from £11,958k to £11,940k.	✓
Events after reporting period	The ICB added the following narrative on events after reporting period to reflect the future restructuring of ICB. <i>On 13 March 2025, the government announced NHS England and the Department of Health and Social Care will increasingly merge functions, ultimately leading to NHS England being fully integrated into the Department. The legal status of ICBs is currently unchanged but they have been tasked with significant reductions in their cost base. Discussions are ongoing on the impact of these and the impact of staffing reductions, together with the costs and approvals of any exit arrangements. ICBs are currently being asked to implement any plans during quarter 3 of the 2025/26 financial year.</i>	✓
Going Concern	The ICB added the following narrative on going concern in both the accounts and annual report to reflect the future restructuring of ICB. <i>On 13 March 2025, the government announced NHS England and the Department of Health and Social Care will increasingly merge functions, ultimately leading to NHS England being fully integrated into the Department. The legal status of ICBs is currently unchanged. Public sector bodies are assumed to be going concerns where the continuation of the provision of service in the future is anticipated. If services will continue to be provided in the public sector the financial statements should be prepared on a going concern basis. The statement of financial position has therefore been drawn up at 31 March 2025 on a going concern basis.</i>	✓
Remuneration Report	An additional disclosure as below has been added to clarify that partner members are not considered to be senior managers and is therefore appropriately excluded in the remuneration table. <i>Peter Lewis, Dr. Berge Balian and Duncan Sharkey are Partner Members of the ICB Board. Partner Members are not seconded to the ICB and, whilst regular Board members, are not considered Senior Managers of the ICB</i>	✓
Remuneration Report	Additional disclosure has been added to clarify that Trudi Grant is not part of the NHS Pension Scheme and is therefore not included in the Pension Benefits table.	✓

Audit adjustments

Disclosure	Misclassification or change identified	Adjusted?
Remuneration Report	The 'Percentage Change in Remuneration of Highest Paid Director' disclosure within the annual report does not include previous financial year comparative, as mandated by DHSC GAM. The client agreed to include the prior year comparative.	✓
Remuneration Report	Our work on the remuneration report identified that the prior year range of remuneration is incorrect. This has been amended from £7,200 to £189,500 to £7,200 to £207,500.	✓
Various Note	<p>The client has added comparative figures for prior year for the following notes to ensure this is in line with paragraph 5.9 of the DHSC GAM.</p> <ul style="list-style-type: none"> • Note 3 Disaggregation of Income • Note 15.2 Financial assets • Note 15.3 Financial liabilities 	✓
Annual Report	<p>Paragraph 3.52 of DHSC GAM states that there should be a statement to the effect that each director: knows of no information which would be relevant to the auditors for the purposes of their audit report, and of which the auditors are not aware, and; has taken “all the steps that he or she ought to have taken” to make himself/herself aware of any such information and to establish that the auditors are aware of it.</p> <p>The client do not have a separate disclosure on the basis that the Board Members are asked to confirm the similar statement of the Accountable Officer when they approved the accounts and annual report.</p> <p>As there is a separate requirement for the same statement for each director and accountable officer, we deemed that this is a disclosure omission.</p>	X
Throughout	A number of typographical error and amendments have been identified throughout the financial statements.	✓

Unadjusted misstatements

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the audit which have not been made within the final set of financial statements. The Audit Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Statement of Comprehensive Net Expenditure £'000	Statement of Financial Position £'000	Net surplus £'000	Reason for not adjusting / Notes
Draft Net Surplus or (Deficit)			£22	As per the draft financial statements
In 2024/25 the value of the prescribing accrual for February and March 2025 was £17,409,050. Following the submission of the draft financial statements the actual February and March prescribing spend data was received by the ICB. The actual figures showed expenditure of £16,702,624, which identified an over accrual of £706,426	Cr Purchase of goods and services £0.706m	Dr Current trade and other payables £0.706m	Increase surplus by £0.706m	Not material
In 2024/25, the value of pharmacy accrual for February and March 2025 is £2,769,655 Following the submission of the draft financial statements, the actual spend for February and March 2025 was received by the ICB. The actual figures showed expenditure of £1,883,998 which identified and over accrual of £885,657	Cr Purchase of goods and services £0.886m	Dr Current trade and other payables £0.886m	Increase surplus by £0.886m	Not material
Overall impact	£1,592	£1,592	£1,592	This is the net sum of the unadjusted misstatements
Overall Impact of unadjusted misstatements in the prior year (detail overleaf)	Dr Purchase of goods and services £1.215m	Cr Current trade and other payables £1.215m	Decrease surplus by £1.215m	This is the net sum of the unadjusted misstatements from the prior year which impact on the current year financial statements (detail overleaf)
Net Impact	£377	£377	£399	

Impact of unadjusted misstatements in the prior year

Detail	Statement of Comprehensive Net Expenditure £'000	Statement of Financial Position £'000	Impact on net surplus/deficit £'000	Reason for not adjusting
In 2023/24 the value of the prescribing accrual for February and March 2024 was £17,409,050. Following the submission of the draft financial statements the actual February and March prescribing spend data was received by the ICB. The actual figures showed expenditure of £16,616,378, which identified an over accrual of £0.793m. The impact for 2024/25 is understating the expenditure.	Dr Purchase of goods and services £0.793m	Cr Current trade and other payables £0.793m	Decrease surplus by £0.793m	Not material
In 2023/24 the value of the pharmacy accrual for March 2024 was £2,290,879. Following the submission of the draft financial statements the actual March pharmacy spend data was received by the ICB. The actual figures showed expenditure of £1,869,112, which identified an over accrual of £0.422m. The impact for 2024/25 is understating the expenditure.	Dr Purchase of goods and services £0.422m	Cr Current trade and other payables £0.422m	Decrease surplus by £0.422m	Not material
Overall impact	£1.215m	£1.215m	£1.215m	Not material

7 Value for Money arrangements

Value for Money arrangements

Approach to Value for Money work for the year ended 31 March 2025

The National Audit Office issued its latest Value for Money guidance to auditors in November 2024. The Code requires auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

In undertaking our work, we are required to have regard to three specified reporting criteria. These are as set out below.



Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services.



Financial sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services.



Governance

How the body ensures that it makes informed decisions and properly manages its risks.

In undertaking this work we have not identified any significant weaknesses in arrangements. Our Auditor's Annual Report accompanies this audit findings report and sets out our detailed findings.

8 Independence considerations

Independence considerations

As part of our assessment of our independence we note the following matters:

Matter	Conclusion
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the ICB that may reasonably be thought to bear on our integrity, independence and objectivity.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the ICB as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the ICB.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the ICB's board, senior management or staff.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person (and network firms) have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

Fees and non-audit services

The following tables below sets out the total fees for audit and non-audit services that we have been engaged to provide or charged from the beginning of the financial year to 12 June 2025, as well as the threats to our independence and safeguards have been applied to mitigate these threats.

The below non-audit services are consistent with the ICB’s policy on the allotment of non-audit work to your auditor.

None of the below services were provided on a contingent fee basis.

For the purposes of our audit we have made enquiries of all Grant Thornton teams within the Grant Thornton International Limited network member firms providing services to NHS Somerset ICB. The table summarises all non-audit services which were identified. We have adequate safeguards in place to mitigate the perceived self-interest threat from these fees. These are documented below.

Audit fees	
Audit of ICB	£194,600
Total	£194,600

Non-audit fees			
Service	£	Threats Identified	Safeguards applied
Mental Health Investment Standard (MHIS) 2023/24	£37,000	<ul style="list-style-type: none">Self Interest (because this is a recurring fee)Self Review (because this service is provided after the opinion has been given)Management (because management will determine if amendments need to be made to their compliance statement and will check the factual accuracy of our work)	<ul style="list-style-type: none">The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £37,000 in comparison to the total fee for the audit of £194,600 and in particular relative to Grant Thornton UK LLP’s turnover overall. Further, it is a fixed fee and there is no contingent element to it. All these factors mitigate the perceived self-interest threat to an acceptable level.Work does not involve direct review of any of the numbers specifically included in the financial statements that are subject to audit.Management prepares the statement of compliance independently.
Total	£37,000		

Total audit and non-audit fees	£231,600
--------------------------------	----------

The above fees are exclusive of VAT and out of pocket expenses.

The audit fees agree to the financial statements.

MHIS fees reconcile to the financial statements as follows:

- Fees per financial statements £47,000

This is made up of difference of the actual vs estimated 2023/24 MHIS which was paid in 2024/25 of £3k.

The ICB has also accrued £35k plus VAT for 2024/25 MHIS review. At the time of writing this report, we have not been engaged to undertake this review and have therefore not considered separately the safeguards in place. The management included a disclosure in Note 5 that the accrual is for MHIS 2024/25 in which a letter of engagement has not yet been signed.

This covers all services provided by us and our network to the ICB, its directors and senior management and its affiliates, that may reasonably be thought to bear on our integrity, objectivity or independence.

9 Appendices

A. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●
Views about the qualitative aspects of the Group's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●
Expected modifications to the auditor's report, or emphasis of matter		●

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards 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.

Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, as a minimum a requirement exists for our findings to be distributed to all the company directors and those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report, to those charged with governance.

B. Action plan

We set out here our recommendations for the ICB which we have identified as a result of issues identified during our audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
<div> <div></div> <div>Medium</div> </div>	<p>We have noted incompatible roles within journals process whereby individuals within the finance team can both post and approve their own journals. This is a deficiency within the Oracle accounting system wherein it does not have built-in functionality to segregate journals creation and authorisation. Whilst our work has not identified any self-approved journals by the ICB finance team, we deemed that this creates a risk of posting fictitious or erroneous journals without independent review by another authorised individual.</p>	<p>We recommend enhancing the system to ensure that journals are created by individual and authorised by a separate independent user with appropriate authorisation level.</p> <p>Management response</p> <p>This is a control weakness with the current ISFE system commissioned by NHSE. The ability to self approve journals is expected to be removed in the new ISFE2 system which is due to go-live 1st October 2025. In the meantime, the ICB has a policy in place and will continue to ensure that journals posted by the ICB are approved by a different oracle user. This is reviewed as part of the Key Financial Systems Internal Audit.</p>
<div> <div></div> <div>Medium</div> </div>	<p>In our journals work, we have noted that five (5) members of the finance team have system administrative rights in Oracle. This gives them the ability to grant additional access rights to existing user, delete existing user, and add new users. These individuals also have the ability to post journals within the system. This creates a risk of creating fictitious users and posting fictitious journals.</p>	<p>We recommend that management review the existing user access rights and revisit whether these individuals needs administrative rights to carry out their role.</p> <p>Management response</p> <p>The ICB will review the appropriateness of users with system administration rights who are able to approve journals. However, as a small finance team, it is unlikely that this can be avoided. Note that of the 5 users who have system administration rights, only 1 as the ability to approve journals. There is an audit trail of any user changes, and of who has uploaded and approved journals.</p>
<div> <div></div> <div>Medium</div> </div>	<p>We noted as part of our block contract testing that majority of the contracts were not signed until later in the financial year, contrary to NHSE guidance which states that they should be signed by the start of the financial year. We also noted some missing signatories in four (4) of the contracts with Providers and contract variations were not formally signed by all parties.</p>	<p>We recommend that for future period, all contracts are signed at the beginning of the financial year in line with NHSE guidance. We also recommend that all required signatories are obtained in contracts, including variations.</p> <p>Management response</p> <p>For 25/26, the NHS Guidance is that contracts needed to be signed by 30th May 2025, and we have done this for the contract we are lead commissioner for. We will continue to liaise with other commissioners for contracts to be progressed where we are the associate commissioner so that these are signed. This process is progressing well and would expect all contracts to be signed in the near future.</p>

Key

- High – Significant effect on control system and financial statements
- Medium – Effect on control system and financial statements
- Low – Best practice for control systems and financial statements

C. Follow up of prior year recommendations

We identified the following issues in the audit of NHS Somerset ICB’s 2023/24 financial statements, which resulted in four (4) recommendations being reported in our 2023/24 Audit Findings Report. We confirmed that management have implemented our recommendation for three (3) issues. We again raised a deficiency in Appendix B in relation to unsigned and late contracts.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X	<p>We noted as part of our work on secondary healthcare expenditure that the majority of contracts were not signed until later in the financial year, contrary to NHSE guidance which states that they should be signed by the start of financial year. Therefore, in a number of instances variations, were included in the overall contracted value.</p> <p>We recommend that for 2024/25, all contracts are agreed and signed at the beginning of the financial year in line with NHSE guidance. This will ensure that contract monitoring controls operate effectively.</p>	<p>The ICB endeavoured to agree contract values as soon as possible this financial year, however in 2024/25 have been constrained by national delays in agreeing pay uplifts for AfC and DDRB pay and releasing updated ERF commissioner/provider targets.</p> <p>As a result, contract values and signing of contracts were delayed until latter parts of the financial year, with instances of variations where contracts were required to be updated following national guidance to ensure alignment between contracts and payments.</p> <p>Somerset ICB focused on ensuring the contract with Somerset Foundation NHS FT was prioritised as this is the contract where we are the lead commissioner. Contracts where the ICB is an associate to the contract is developed by the lead commissioner, with Somerset ensuring that contract values embedded in contracts agree to payments made.</p> <p>Our testing identified the same issue this year. We have included the same recommendation for 24/25 detailed in Appendix B.</p>
✓	<p>With ICB’s taking on POD services during 2023/24, there were new revenue and expenditure streams to be considered and new processes to be understood and documented. This is in terms of understanding how transactions are posted into ICB ledger and how activity is monitored. Obtaining information to document the processes and test the transactions has been made more difficult as the ICB themselves are trying to gain an understanding of processes.</p> <p>We recommend that the ICB invest time in fully understanding these flows, who is monitoring each level of activity, and who is responsible for providing the evidence for in year transactions and year end balances. This will ensure that these balances are more easily tested in future years.</p>	<p>The ICB has recruited in year a Primary Care Band 7 post to work closely with the Collaborative Commissioning Hub, to be the day-to-day contact and to give capacity to attend finance meetings to discuss the POD budgets and the variances being shown.</p> <p>The POD team have a dedicated accountant who monitors each level of activity and produced dedicated reports for each of the SW ICB’s on a monthly basis. This report is considered by the SWPCOG and summarised into a financial report for the Primary Care Commissioning Committee.</p> <p>The POD team are then responsible for creating the monthly accruals and are responsible for providing the necessary back-up for these values.</p>

Assessment

- ✓ Action completed
- X Not yet addressed

C. Follow up of prior year recommendations (continued)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p>From April 2023, all ICBs took on delegated responsibility of NHSE pharmaceutical, ophthalmic and dental (POD) functions. The transactional information related to these services is often processed by service organisations, the ICB then base their journals from this information.</p> <p>Given the ICB has responsibility for these functions, it should implement sufficient and appropriate controls to verify the information provided by service organisations.</p>	<p>Following the recruitment of the new Primary Care Band 7 post, additional capacity was added to the ICB to review and approve journals, to hold monthly meetings with the POD team along with additional ad hoc meetings as required to review the overall position. The POD team has improved its communications with SW ICB's in this last year. The ICB takes assurance from this improvement that sufficient and appropriate controls are in place, which has been also been tested by internal audit.</p>
✓	<p>Our work on journals identified that the general ledger limits assigned to journal approvers were significantly varied, with seven of them being assigned to a limit of £1 billion, and two users having a limit of £100 million. This significant disparity weakens the effectiveness of the control measure, potentially exposing the ICB to increased risk</p> <p>We recommend that management review the current thresholds to ensure they are aligned with the average recurring transactions and the roles of the respective users, thereby strengthening the control environment and mitigating the risk of unauthorised transactions</p>	<p>General Ledger limits have been reviewed, and GL Limits have been set at:</p> <p>Band 8b Finance Colleagues - £1,000,000,000</p> <p>Band 6 & 7 Finance Colleagues - £100,000,000</p> <p>No approval limits have been given to finance staff at band 5 or below. Whilst they can post journals, these journals need to be approved by more senior finance colleagues. All journals need to be uploaded / approved by different users.</p> <p>No approval limits have been given to the CFO / Deputy CFO due to previous recommendation raised by Audit regarding risk of management override.</p> <p>The management has addressed the issue. However, we noted that approval limits have been given to individuals who can post journals. This creates a risk of self-authorized journals and we deemed this to be a deficiency within the journal process and controls. We have included a recommendation in relation to this deficiency – see Appendix B.</p>

Assessment

- ✓ Action completed
- X Not yet addressed

D. Our team and communications

Grant Thornton core team

Barrie Morris

Engagement Lead/
Key Audit Partner

- Key contact for senior management and Audit Committee
- Overall quality assurance

Chrissa Viente

Audit Manager

- Audit planning
- Resource management
- Performance management reporting

Ebenezer Adom-Mensah

Audit In-charge

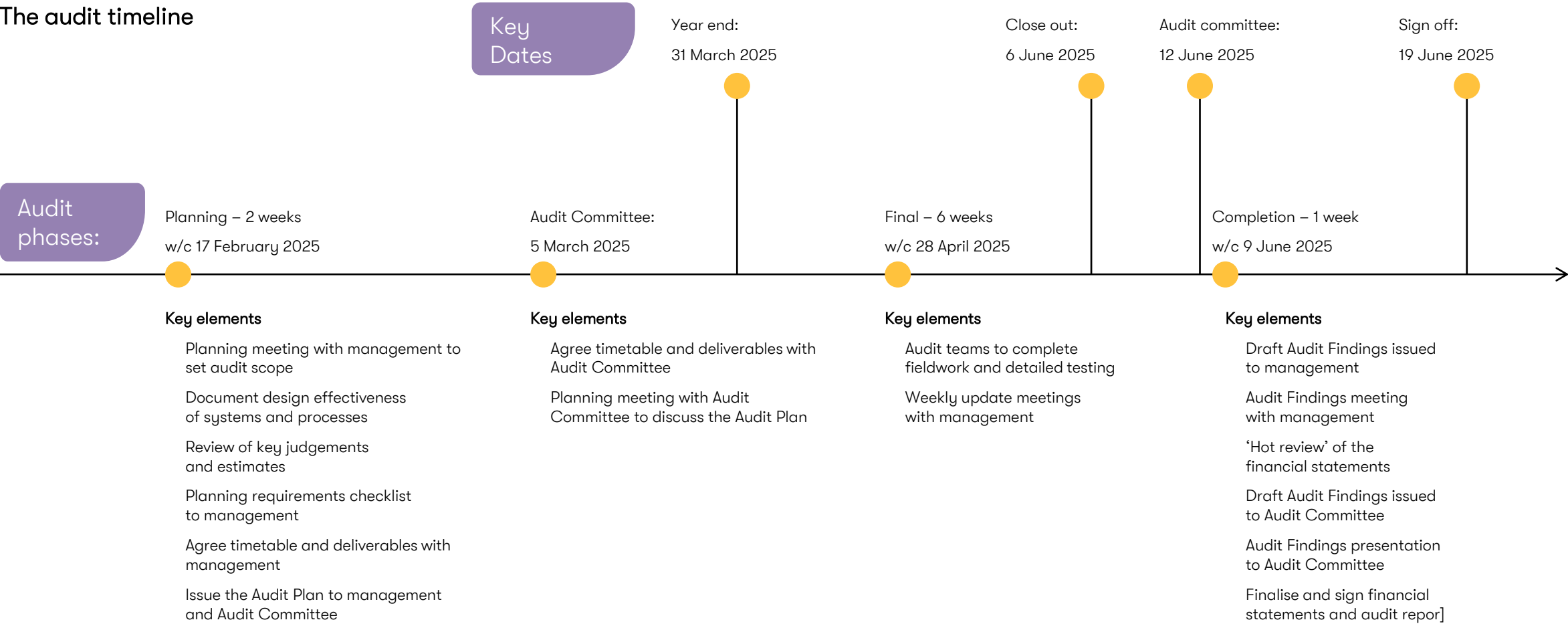
- On-site audit team management
- Day-to-day point of contact
- Audit fieldwork

	Service delivery	Audit reporting	Audit progress	Technical support
Formal communications	<ul style="list-style-type: none">• Annual client service review	<ul style="list-style-type: none">• The Audit Plan• Audit Progress and Sector Updates• The Audit Findings Report• Auditor’s Annual Reports	<ul style="list-style-type: none">• Audit planning meetings• Audit clearance meetings• Communication of issues log	<ul style="list-style-type: none">• Technical updates
Informal communications	<ul style="list-style-type: none">• Open channel for discussion		<ul style="list-style-type: none">• Communication of audit issues as they arise	<ul style="list-style-type: none">• Notification of up-coming issues

As part of our overall service delivery, we may utilise colleagues who are based overseas, primarily in India and the Philippines. Those colleagues work on a fully integrated basis with our team members based in the UK and receive the same training and professional development programmes as our UK based team. They work as part of the engagement team, reporting directly to the Audit Senior and Manager and will interact with you in the same way as our UK based team albeit on a remote basis. Our overseas team members use a remote working platform which is based in the UK. The remote working platform (or Virtual Desktop Interface) does not allow the user to move files from the remote platform to their local desktop meaning all audit related data is retained within the UK.

E. Logistics

The audit timeline



F. Audit opinion

Our anticipated audit report opinion will be unmodified.

Independent auditor's report to the members of the Governing Body of NHS Somerset Integrated Care Board

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements of NHS Somerset Integrated Care Board (the 'ICB') for the year ended 31 March 2025, which comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity, the Statement of Cash Flows and Notes to the Financial Statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of Schedule 1B of the National Health Service Act 2006, as amended by the Health and Care Act 2022 and interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2024-25.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the ICB as at 31 March 2025 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with international accounting standards as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2024-25; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006, as amended by the Health and Care Act 2022.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2024) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the ICB in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Accountable Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ICB's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the ICB to cease to continue as a going concern.

In our evaluation of the Accountable Officer's conclusions, and in accordance with the expectation set out within the Department of Health and Social Care Group Accounting Manual 2024-25 that the ICB's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services currently provided by the ICB. In doing so we have had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2024) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the ICB and the ICB's disclosures over the going concern period.

In auditing the financial statements, we have concluded that the Accountable Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

F. Audit opinion

Our anticipated audit report opinion will be unmodified.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the ICB's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Accountable Officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Accountable Officer is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in November 2024 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Governance Statement does not comply with the requirements of the Department of Health and Social Care Group Accounting Manual 2024-25 or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion:

- the parts of the Remuneration and Staff Report to be audited have been properly prepared in accordance with the requirements of the Department of Health and Social Care Group Accounting Manual 2024-25; and
- based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the annual report for the period for which the financial statements are prepared is consistent with the financial statements.

Opinion on regularity of income and expenditure required by the Code of Audit Practice

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

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit ; or
- we refer a matter to the Secretary of State under Section 30 of the Local Audit and Accountability Act 2014 because we have reason to believe that the ICB, or an officer of the ICB, is about to make, or has made, a decision which involves or would involve the body incurring unlawful expenditure, or is about to take, or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency ; or

F. Audit opinion

Our anticipated audit report opinion will be unmodified.

- we make a written recommendation to the ICB under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Accountable Officer

As explained more fully in the Statement of Accountable Officer's responsibilities, the Accountable Officer, is responsible for the preparation of the financial statements in the form and on the basis set out in the Accounts Directions, for being satisfied that they give a true and fair view, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for assessing the ICB's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the ICB without the transfer of its services to another public sector entity.

The Accountable Officer is responsible for ensuring the regularity of expenditure and income in the financial statements.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

We are also responsible for giving an opinion on the regularity of expenditure and income in the financial statements in accordance with the Code of Audit Practice.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the ICB and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (international accounting standards and the National Health Service Act 2006, as amended by the Health and Care Act 2022 and interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2024-25).
- We enquired of management and the audit committee, concerning the ICB's policies and procedures relating to:
 - the identification, evaluation and compliance with laws and regulations;
 - the detection and response to the risks of fraud; and
 - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management, internal audit and the audit committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the ICB's financial statements to material misstatement, including how fraud might occur, evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of control and cut-off risk in the ICB's non-block and other operating expenditure and its associated payable. We determined that the principal risks were in relation to:

F. Audit opinion

Our anticipated audit report opinion will be unmodified.

- unusual journals (journals posted by journal users with system admin privileges and journals posted by leavers closer to leaving date);
- self-approved journals;
- manipulation of expenditure recognition using journals close to and after year end; and
- deliberate manipulation of expenditure in order to meet agreed year end targets.

Our audit procedures involved :

- evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
 - journal entry testing, with a focus on principal risks detailed above;
 - challenging assumptions and judgements made by management in its significant accounting estimates in respect of the recognition of year end manual expenditure accruals and related payable balances; and
 - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
 - We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including management override of controls through fraudulent journal postings and deliberate manipulation of year end expenditure. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.

The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
- knowledge of the health sector and economy in which the ICB operates
- understanding of the legal and regulatory requirements specific to the ICB including:
 - the provisions of the applicable legislation
 - NHS England's rules and related guidance
 - the applicable statutory provisions.

In assessing the potential risks of material misstatement, we obtained an understanding of:

- The ICB's operations, including the nature of its other operating revenue and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
- The ICB's control environment, including the policies and procedures implemented by the ICB to ensure compliance with the requirements of the financial reporting framework.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

F. Audit opinion

Our anticipated audit report opinion will be unmodified.

Report on other legal and regulatory requirements – the ICB’s arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the ICB’s arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the ICB has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

We have nothing to report in respect of the above matter.

Responsibilities of the Accountable Officer

As explained in the Governance Statement, the Accountable Officer is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of the ICB's resources.

Auditor’s responsibilities for the review of the ICB’s arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 21(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the ICB has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the ICB's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of ‘proper arrangements’. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

Financial sustainability: how the ICB plans and manages its resources to ensure it can continue to deliver its services;

Governance: how the ICB ensures that it makes informed decisions and properly manages its risks; and

Improving economy, efficiency and effectiveness: how the ICB uses information about its costs and performance to improve the way it manages and delivers its services.

We have documented our understanding of the arrangements the ICB has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor’s Annual Report. In undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for NHS Somerset Integrated Care Board for the year ended 31 March 2025 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed the work necessary in relation to the ICB’s consolidation schedules, and we have confirmation from the National Audit Office that the audit of the NHS group consolidation is complete for the year ended 31 March 2025. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

F. Audit opinion

Our anticipated audit report opinion will be unmodified.

Use of our report

This report is made solely to the members of the Governing Body of the ICB, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Governing Body of the ICB those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the ICB and the members of the Governing Body of the ICB as a body, for our audit work, for this report, or for the opinions we have formed.

Signature:

Barrie Morris, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

Bristol
Date:



© 2025 Grant Thornton. All rights reserved.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton International Ltd (GTIL) and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.