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# Assurance engagement of the mental health investment standard 2021/22

Version 1, 28 March 2022

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## Background

As stated in the 2021/22 planning guidance:

“CCGs must continue to meet the mental health investment standard (MHIS) as a minimum in 2021/22. For 2021/22, the MHIS requires [clinical commissioning groups (CCGs)] to increase their spend on mental health services by at least 2021/22 published allocation growth.”

“We estimate at least 1.5 million people have been accepted for/are eligible for care but are yet to receive it. The ambitions set out in the [NHS Mental Health Implementation Plan 2019/20–2023/24](#), which expand and transform services, remain the foundation for the mental health response to COVID-19, enabling local systems to expand capacity, improve quality and tackle the treatment gap. Systems should continue to make full use of the additional £500m of funding made available in 2021/22 to address the impact of COVID-19 and must continue to meet the [MHIS].”

### Re-categorisation exercise 2021/22

Mental health re-categorisation 2021 was a country-wide exercise to ascertain an accurate view of historical mental health spend through improved category definitions and joint working with regional and system colleagues. Returns were submitted on Friday 29 October 2021 and changes were implemented through non-ISFE (integrated single finance environment) reporting for Q3 2021/22.

The independent review will not cover assignment of spend to categories, but the evidence assembled for re-categorisation should support independent review work. The guidance for re-categorisation 2021/22 can be found [here](#).

### CCGs and integrated care boards update

The Health and Care Bill, which intends to put integrated care systems (ICSs) on a statutory footing and create integrated care boards (ICBs) as new NHS bodies is currently being considered by Parliament, with a target date of 1 July 2022 for new statutory arrangements to take effect.

The independent review for 2021/22 will provide assurance for CCGs' mental health spend, but will be conducted after CCGs have closed as statutory bodies.

Successor ICBs will therefore be responsible for completing the review on behalf of their predecessor CCGs. CCGs that are being separated across ICBs should agree which ICB will co-ordinate this process and be the accountable body for the CCG as it was in 2021/22.

Throughout this document, the following references should be interpreted as:

- **CCGs** – where reference is made to organisations that submitted returns and exist in 2021/22.
- **ICBs** – where reference is made to organisations that exist during the time the independent review is carried out.

## Statement of compliance

ICBs<sup>1</sup> must publish a statement after the end of the financial year to state whether they consider their predecessor CCGs to have met their obligations regarding the MHIS. While this statement does not have to be published until the independent review is complete, NHS England and NHS Improvement expect that CCGs will have reviewed MHIS expenditure as declared for non-ISFE reporting for M12 21/22 in detail and that the statement to the independent review will be consistent with the final statement except in exceptional circumstances.

Where CCGs declare that they meet the MHIS at M12, but do not meet the MHIS following independent review, their successor ICB will be expected to justify the change personally to the Chief Financial Officer and the National Mental Health Director.

The compliance statement must be published in a prominent position – eg alongside the CCG's annual report on the CCG's (or successor ICB's) website – and should read as per one of the following statements (see figure 1 below):

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<sup>1</sup> ICB used here as publication will take place after CCGs have ceased to exist as statutory bodies.

## Figure 1: Statement of compliance statements

All CCGs were required to plan to achieve the Mental Health Investment Standard in 2021/22 and CCGs were required to spend greater than or equal to the 2021/22 target spend number provided by NHS England and NHS Improvement.

As the Accountable Officer of [**name of ICB**] (the successor body of [**name of predecessor CCG**]), I am responsible for the preparation of the Mental Health Investment Standard Compliance Statement (the “Statement”) for the year ended 31 March 2022 and for the financial information that forms the basis of the calculation on which the Statement is derived. This includes the design, implementation and maintenance of internal controls relevant to the preparation of the Statement to ensure that mental health expenditure is correctly classified and included in the calculations, and that the Statement is free from material mis-statement, whether due to fraud or error.

To the best of my knowledge and belief I have properly discharged my responsibilities with regard to reporting against the Mental Health Investment Standard.

- a) I consider that NHS [**Name**] CCG complied with the requirements of the Mental Health Investment Standard for 2021/22. The 2021/22 target spend was £XX and actual spend was £XX.
- b) I consider that NHS [**Name**] CCG has not complied with the requirements of the Mental Health Investment Standard for 2021/22. (Note – the ICB should set out brief reasons for non-compliance.) The 2021/22 target spend was £XX and actual spend was £XX.
- c) NHS [**Name**] CCG originally stated that it had complied with the requirements of the Mental Health Investment Standard for 2021/22. However, following reconsideration of its supporting calculations, I now consider that it has not complied with the requirements. (Note – the ICB should set out brief reasons for non-compliance.) The 2021/22 target spend was £XX and actual spend was £XX.
- d) NHS [**Name**] CCG originally stated that it had not complied with the requirements of the Mental Health Investment Standard for 2021/22.

However, following reconsideration of its supporting calculations, I now consider that it has complied with the requirements. The 2021/22 target spend was £XX and actual spend was £XX.

[Name]

Accountable Officer

[Name of ICB] (the successor body of [name of predecessor CCG])

## Agreement of review engagement

Each CCG's governing body will need to agree a separate engagement with an independent, appropriately qualified reporting accountant to carry out a 'reasonable assurance review' to specifically cover the MHIS compliance statement. The reporting accountant will need to be sure they can accept the assignment, and ICBs should be mindful of their own procurement and other governance requirements.

**CCGs should agree this engagement by 30 June 2022.** In line with other contracts these engagements will novate to the successor ICB.

While NHS England and NHS Improvement require the CCG to appoint an independent reporting accountant to carry out a reasonable assurance engagement on the MHIS compliance statement, the engagement should be a tripartite engagement between the reporting accountant, the CCG (or latterly ICB) and NHS England and NHS Improvement.

The standardised terms of engagement and an illustrative independent reasonable assurance report for the tripartite agreement can be found at Annex 4.

NHS England and NHS Improvement accept that the agreement between the CCG or ICB, its reporting accountant and ourselves is formed when the contract is agreed and signed between the CCG and the reporting accountant to complete the engagement. NHS England and NHS Improvement will not need to sign anything. By publishing this document, NHS England and NHS Improvement confirms that these pre-agreed terms form its agreement with the ICB and the reporting accountant.

The CCG or ICB should not ask the reporting accountant to deviate from the standardised terms of engagement. NHS England and NHS Improvement will be

solely responsible for updating and publishing the standard terms of engagement. If by exception NHS England and NHS Improvement agrees to any deviation from the standard terms, this will be confirmed in writing by NHS England and NHS Improvement and a deviation statement must be included in the report. This does not preclude the CCG from agreeing separate engagement terms with the accountant that supplement, but do not conflict with, these standardised engagement terms.

The review will be conducted according to a standard scope that has been agreed by NHS England and NHS Improvement and is appended to this paper. CCGs should plan to fund the cost of the review. **In line with other financial statements, the cost of this review may be accrued to the CCG's 21/22 accounts.**

Each CCG's reporting accountant will be required to confirm whether, in their view, the statement made by the ICB in relation to its predecessor CCG(s) has been properly prepared based on the specified criteria for the statement set out below. This will provide assurance as to whether the statement is a reasonable reflection of the predecessor CCG's performance against the standard. The report will be addressed to the ICB governing body and NHS England and NHS Improvement, and should be published on the CCG's (or successor ICB's) website alongside the CCG's compliance statement.

## Supporting information

CCGs or successor ICBs should provide reporting accountants with the CCG's target spend as set out in the M12 non-ISFE return. NHS England and NHS Improvement will separately supply reporting accountants with a complete list to check for consistency. If ICBs require further clarity on their predecessor CCGs' targets, please contact the national mental health finance teams via your regional finance teams.

ICBs will need to provide details of mental health expenditure for their predecessor CCGs. Backing detail will be required to show how the expenditure on mental health has been arrived at. This will be checked against the criteria to be used for the preparation of the statement and the relevant NHS England and NHS Improvement guidance (as set out below). ICBs should set out a summary of expenditure for their predecessor CCGs in the form shown in Annex 1 (which should reconcile to the predecessor CCG's final non-ISFE mental health

submission) and should prepare supporting papers to evidence the expenditure incurred.

Reporting accountants should then be able to validate the expenditure as being eligible MHIS spend. **CCGs or their successor ICBs should supply accountants with this additional information no later than 30 September 2022.** Where the independent reviewer requests further information or clarification, we expect that CCGs or their successor ICBs will respond as quickly as possible and normally within two weeks.

A CCG expenditure summary template in the same format as in Annex 1 can be viewed online here: <https://www.england.nhs.uk/publication/assurance-engagement-of-the-mental-health-investment-standard-briefing-for-clinical-commissioning-groups/>

## Criteria to be used for the statement

The figures included in the headline calculation on which the statement is derived should be calculated as per the non-ISFE mental health submission (this should be adjusted for any errors identified during the review and preparation of this statement) that includes the calculation of the MHIS for each CCG, as follows:

- Spend on mental health in 2021/22 (eligible mental health spend in the year ended 31 March 2022 as outlined in the mental health definitions table on page 11, adjusted for any non-recurrent allocations – in particular the SDF and SR funding for mental health should not be included).
- The target spend as reported in non-ISFE M12 2021/22, which equates to 2021/22 programme allocation growth plus any shortfall from 2020/21. CCGs will already be familiar with the target spend (through non-ISFE returns). A schedule will be provided to the reporting accountants.

If the spend on mental health is equal to or greater than the ‘target spend’, the ICB should state in the statement that their predecessor CCG has complied with the requirements of the MHIS for 2021/22.

If the spend on mental health is less than the ‘target spend’, the ICB should state in the statement that their predecessor CCG has not complied with the requirements of the MHIS for 2021/22.



For the purposes of the MHIS, eligible mental health expenditure (which for this purpose excludes expenditure on learning disabilities and dementia) is expenditure on mental health correctly reflected in the financial ledger for the financial year (under the normal financial reporting requirements). Spend should be adjusted for any spend against non-recurrent allocations. Treatment should be consistent between financial years.

CCGs should include all identifiable mental health programme spend across all their contracts. This should include mental health-related spend with their main mental health provider contracts. Also, where it is separately identifiable, mental health-related spend in other contracts should be included – ie smaller mental health providers, non-mental health providers and non-NHS providers.

Where spend is linked to block contracts, commissioners and providers should agree as per 2021/22 operational finance plans what proportion of this expenditure applies to MHIS-compliant services each year, and not rely on a historical split of spend.

Relevant staff costs can also be included, eg a CCG's mental health lead, but only when the staff member is charged to programme budgets. The treatment must also be consistent between years.

As mental health spend for 2018/19 and 2019/20 has previously been subject to a reasonable independent assurance review and targets for 2021/22 depend on 2020/21 outturn we do not expect this engagement to need reference to 2018/19 or 2019/20 spend.

## Principles of engagement

Here are some of the key principles.

- CCGs were advised to re-categorise services from 2018/19 onwards in line with the refined category definitions in Appendix 1. It was advised that changes should be minimal in 2018/19 and 2019/20 (the MHIS independent reviewed years). We are aware that this may impact MHIS achievement in 2020/21 and the MHIS target in 2021/22. Any rebasing as a result of this exercise has been reflected in month 9 non-ISFE reporting.

- Historical programme budgeting guidance should not be used to decide whether spend should be included in the MHIS.
- Where patients have multiple diagnoses and one or more of them is out of scope of the MHIS, clinical judgement should be applied to determine what proportion of the spend is in scope of the Standard. This is particularly relevant in looking at Continuing Health Care or s117 spend.

In some cases, it may be possible to distinguish on the basis of services provided (eg changing dressings or changing a colostomy bag are clearly outside the scope of the MHIS). More complex cases may require a relevant clinician to provide an estimate of the proportion of spend which relates to mental health need. If applying this principle would result in an inconsistency with previous approaches, please contact NHS England and NHS Improvement via your region to discuss.

## Correcting historical errors

CCGs and their successor ICBs are expected to understand and correctly apply the guidance on what spend is in scope of the mental health investment standard (see link below to the full guidance on categories.) We encourage CCGs and their successor ICBs to continue work to improve the data which supports their classification of spend to and within the mental health investment standard, and they will have the opportunity to correct historical errors that materially impact on mental health investment standard targets for their predecessor CCGs by September 2022. Any change to figures will require evidence to be submitted. The level of evidence will be dependent on materiality of change.

After this opportunity has concluded in September 2022:

- The next opportunity to update historical MHIS data including MHIS targets will be in autumn 2023.
- If, through the course of the independent review, further errors are identified or other amendments show the MHIS target is no longer achieved, there will be no further chance for ICBs to amend these.
- The post-audit out-turn will be compared against the MHIS target as it stands following any adjustments in September 2022 to determine if the MHIS has been met in 2021/22.

Therefore, ICBs are encouraged to review their predecessor CCG's figures and make any required amendments by September 2022. The national mental health finance team will communicate details of how this process will operate in due course.

Any amendments from this exercise will then be processed in time to be incorporated into 2023/24 planning schedules.

## Categories of spend

MHIS categories of mental health expenditure can be found [here](#).

Examples of exclusions are any non-clinical services such as car parking charges or any community nursing services for joint mental health and community providers.

**Table 1: Learning disabilities and autism and dementia definitions table (not included in MHIS)**

Category	In scope for this category	Out of scope for this category (non-exhaustive, includes direction for common queries)
18. Learning Disabilities and Autism  <b>Not included in MHIS</b>	Baseline expenditure for services for children (0-18) and adults with: <ul style="list-style-type: none"> <li>• Learning Disabilities</li> <li>• Autism/Autistic Spectrum Disorder</li> </ul> This is likely to include all services covered in building the Right Support such as: <ul style="list-style-type: none"> <li>• Specialist Community Learning Disability Teams</li> <li>• Intensive Support teams</li> <li>• Specialist Learning Disability Forensic Teams</li> <li>• Autism diagnostic services</li> </ul>	Excludes people with a Learning Disability and Autistic people accessing mental health services with reasonable adjustments in place as required.  Excludes services for people with ADHD without a learning disability or autism.
19. Dementia  <b>Not included in MHIS</b>	All services intended to assess, diagnose, treat and provide support for dementia pre and post diagnosis.	Mental health services with adaptations for patients with dementia

## Supporting guidance

The expenditure included for the purposes of assessing performance against the MHIS must comply with the following guidance: Technical guidance – NHS England and NHS Improvement guidance for completion of commissioner finance templates, published by NHS England and NHS Improvement, found on SharePoint and emailed to reporting accountants.

## System evidence

In assessing their mental health investment, we would expect CCGs and their successor ICBs to reference information and reports provided by third parties, for example:

- the BSA
- NHS providers
- local authorities and other third parties.

We would expect the CCG to review the data for reasonableness, but we would **not** expect the CCG to test the source systems.

## Scope of work

The reporting accountants will be required to verify the calculations and gain assurance that the spend included in them is in line with the published and other supporting guidance; and has been properly incurred

Reporting accountants will be required to check that assumptions made by each CCG are consistent between years (unless guidance has changed between years). This is as per guidance distributed to CCGs.

This will require substantive testing, which means that reporting accountants will need to be able to trace numbers back through to the financial accounts system, and then to the original source documentation, eg invoices/contract and additional information to show enough information that spend meets specific category definitions within the scope of the MHIS.

For this review only 2021/22 spend will need to be tested. The 2021/22 target spend will be provided to reporting accountants so they will not be required to

consider the 2020/21 spend levels any further. Expenditure will need to be adjusted to take account of non-recurrent allocations and their associated spend so that the expenditure figures are presented on a like basis and based on the same guidance.

If quantifiable errors are found in the 2021/22 reported spend the reporting accountant should quantify the errors and include the calculations in their report to those charged with governance. Note: the amendments do not need to be referred to in the reporting accountant's reasonable assurance report that will be published with the CCG's Statement of Compliance; rather they will be presented in the more detailed report to the audit committee, ie those charged with governance. This more detailed report should also be shared with NHS England and NHS Improvement.

Reporting accountants will not be required to comment on whether assumptions are consistent between CCGs.

The independent review is for assurance on the 2021/22 spend only. It is not a review of clinical judgement.

For the purposes of giving their reasonable assurance opinion, reporting accountants are not required to undertake any testing on the underlying information or systems maintained by third parties, such as the BSA, NHS providers and local authorities. Testing of the third-party information provided by ICBs for their predecessor CCGs is, therefore, outside the scope of the reasonable assurance engagement.

## Consequences of non-compliance

If an ICB makes a positive compliance statement for their predecessor CCGs and the reporting accountant's assessment considers that this is not accurate, the ICB will be asked to correct its statement.

If the statement is not corrected, we will expect the reporting accountant to issue a report stating that in their view, the statement has not been properly prepared based on the specified criteria, with details of the reasons why. For example, the figures included in the statement have not been calculated correctly in line with the criteria. The ICB will send a copy of this report to the regional team. The ICB should explain how the error occurred and the steps they are taking to ensure the error is not repeated.

## Timescales

The review of the 2021/22 expenditure should be completed and the reports ready to be published by 17 February 2023. To ensure that reports are published together, NHS England and NHS Improvement will set a date for all reports to be published in 2023.

## Frequently asked questions (FAQs)

FAQs published at the link below should also be considered as a supplementary part of this briefing note.

We will publish answers to any FAQs at: <https://www.england.nhs.uk/operational-planning-and-contracting/frequently-asked-questions-for-independent-review-of-mhis-for-19-20/#what-assurance-is-expected-from-reviewing-accountants-on-clinical-opinions>

## Annex 1: Suggested form of expenditure summary

A suggested form of expenditure summary in a table format can be viewed in the Excel spreadsheet accessible at this link:

<https://www.england.nhs.uk/publication/assurance-engagement-of-the-mental-health-investment-standard-briefing-for-clinical-commissioning-groups/>



## Annex 2: Mental health investment standard reporting – accountant specification

### Context

CCGs have a specified requirement, set by us, to increase their MHIS. As stated in the 2021/22 planning guidance:

“CCGs must continue to meet the [MHIS] as a minimum in 2021/22. For 2021/22, the MHIS requires CCGs to increase their spend on mental health services by at least 2021/22 published allocation growth.”

“We estimate at least 1.5 million people have been accepted for / are eligible for care but are yet to receive it. The ambitions set out in the NHS Mental Health Implementation Plan 2019/20–2023/24, which expand and transform services, remain the foundation for the mental health response to COVID-19, enabling local systems to expand capacity, improve quality and tackle the treatment gap. Systems should continue to make full use of the additional £500m of funding made available in 2021/22 to address the impact of COVID-19 and must continue to meet the Mental Health Investment Standard (MHIS).”

All CCGs or their successor ICBs will be required to publish a statement after the end of 2021/22 to state whether they have met their obligations with regard to the MHIS. We refer to this statement below as the ‘Mental Health Investment Standard Statement of Compliance’.

The format and content of this statement, the criteria on which it is based, and the publication requirements are set out in the main body of this document.

This document confirms that the 2021/22 spend is being measured against the 2021/22 target spend being provided to the reporting accountants. There is therefore no role in revisiting the 2020/21 comparative figures.

This guidance also outlines how the validation process should be commissioned and carried out. It states that each CCG will need to agree a separate engagement with an independent, appropriately qualified auditor to carry out a ‘reasonable assurance review’ on the MHIS compliance statement for their predecessor CCGs.

## Format of the reasonable assurance review

This reasonable assurance review would be carried out under *ISAE (UK) 3000: Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (ISAE (UK) 3000).

Under ISAE (UK) 3000 the reporting accountant would assess whether the subject matter information used in the preparation of the statement is free from material misstatement and expresses a conclusion on this through a written report. As we have asked for the reasonable assurance review, this would be a positive opinion which would provide reasonable, but not absolute, assurance in all material respects.

The reporting accountant's report should convey their opinion on the outcome of the measurement or evaluation of **subject matter information** against the published **criteria** set out in this guidance, where the **criteria** are the benchmarks applied by the CCG to the underlying subject matter in the preparation of the **subject matter information**.

For this engagement the terms in bold should be applied as follows:

- **Subject matter information:** the Mental Health Investment Standard Statement of Compliance.
- **Subject matter:** all the information that forms part of the disclosures in the Mental Health Investment Standard Statement of Compliance and the headline calculations on which they are derived, including mental health spend.
- **Criteria:** Calculations and definitions specified by NHS England and NHS Improvement in their 'Assurance engagement of the Mental Health Investment Standard 2021/22 – Briefing Guidance', which specifies what figures should be used to support the ICB's Mental Health Investment Standard Statement of Compliance.

To make it clear to the ICB and readers of the opinion how the reporting accountant has reached their conclusion, the criteria would be clearly referenced in both the reporting accountant's engagement letter and reports.

## Proposed approach

1. Ascertain the method of compilation of the Mental Health Investment Standard Statement of Compliance.
2. Consider the internal controls applied by the CCG over the preparation of the statement and the headline calculations, evaluate the design of those controls relevant to the engagement to determine whether they have been implemented.
3. Identify and assess the risks of material misstatement in the Mental Health Investment Standard Statement of Compliance as a basis for designing and performing procedures to respond to the assessed risks.
4. Verify if the total 2021/22 spend is equal to or above the target spend as provided by the national mental health finance team.
5. Carry out procedures on the mental health expenditure included in the headline calculations and supporting schedules to check whether it meets the definition of mental health expenditure properly incurred as set out in the relevant Group Accounting Manual and the 'Assurance engagement of the mental health investment standard 2021/22 – Briefing Guidance' issued by NHS England and NHS Improvement.
6. Verify the factual accuracy of the compliance statement based on the procedures set out above.

Where:

1. Documented through enquiry.
2. Documented through enquiry and walkthrough, with reference to the reporting accountant's prior knowledge where they are the CCG's external auditor.
3. Considered by the reporting accountant auditor based on 1 and 2 above.
4. Verified as follows:
  - A. agree expenditure to CCG financial records and calculations

- B. agree expenditure in the supporting schedules
  - C. check the CCG's MHIS calculation and compare to the target spend for the CCG notified by NHS England and NHS Improvement.
5. Check calculation has been calculated in line with the criteria set out in the 'Assurance engagement of the mental health investment standard 2021/22 – Briefing Guidance' and agree to audited accounts
6. The procedures will include:
- Sample checks of 2021/22 expenditure included in the calculations and supporting schedules to the financial ledger and the NHS England and NHS Improvement eligibility requirements set out in 'Assurance engagement of the mental health investment standard 2021/22 – Briefing Guidance' (using normal audit principles and assertions). This checking would consider, for example, if the expenditure:
    - relates to the CCG
    - relates to the correct financial year
    - meets NHS England and NHS Improvement's definition of MHIS spend for the purposes of the statement
    - has been correctly reflected in the financial ledger for the financial year (under the normal financial reporting requirements).

When planning and performing the engagement, the reporting accountant is required to be professionally sceptical, recognising that circumstances may exist that cause the Mental Health Investment Standard Statement of Compliance to be materially misstated, and to consider materiality.

The reporting accountant should therefore use analytical procedures to identify any unusual variances between 2021/22 and 2020/21 spend as shown in M12 non-ISFE or recategorized outturn that require further investigation during the testing.

The reporting accountant will request written representations from the CCGs' successor ICBs as part of the engagement, including:

- that it has provided the reporting accountant with all the information relevant to the engagement

- confirming their measurement of the underlying subject matter against the applicable criteria and their preparation of the headline calculation on which the statement is based, including confirmation that all relevant matters are included in the Mental Health Investment Standard Statement of Compliance and supporting calculations.

## **Assurance that would be provided under the engagement**

Under ISAE (UK) 3000 the reporting accountant expresses an opinion on whether the subject matter information is prepared, in all material respects, in accordance with applicable criteria.

The wording for the opinion would therefore be:

“In our opinion, the Mental Health Investment Standard Statement of Compliance is properly prepared, in all material respects, based on the criteria set out in the ‘Assurance engagement of the mental health investment standard 2021/22 – Briefing Guidance’ published by us.”

## **Correction of errors**

If during their testing the reporting accountant finds errors in the Mental Health Investment Standard Statement of Compliance (or the headline calculations on which it is derived), they should ask the successor ICB of the CCG to amend the statement (and where necessary the calculations on which the statement is derived) for the errors identified. The reporting accountant may then need to carry out further testing to confirm the material accuracy of the revised figures.

If the statement is not amended, the reporting accountant would give a qualified opinion on the Mental Health Investment Standard Statement of Compliance. This qualified opinion is likely to state that the statement has not been properly prepared based on the specified criteria, setting out details of the reasons why this is the case.

The ICB will send a copy of this report to the regional team.

## Annex 3: MHIS statement of the accountable officer's responsibilities

The National Health Service Act 2006 (as amended) states that each CCG shall have an accountable officer; and that officer shall be appointed by the NHS Commissioning Board (NHS England). We have appointed the accountable officer to be the accountable officer of NHS [entity name].

The responsibilities of an accountable officer are set out under the National Health Service Act 2006 (as amended), Managing Public Money and in the Clinical Commissioning Group Accountable Officer Appointment Letter. They include responsibilities for:

- the propriety and regularity of the public finances for which the accountable officer is answerable
- keeping proper accounting records (which disclose with reasonable accuracy at any time the financial position of the CCG).

In the Mental Health Investment Standard Compliance Statement, the accountable officer will be required to make the following declaration to acknowledge their responsibilities.

“As the Accountable Officer of [**name of ICB**] (the successor body of [**name of predecessor CCG**]), I am responsible for the preparation of the Mental Health Investment Standard Compliance Statement (the ‘Statement’) for the year ended 31 March 2022 and for the financial information that forms the basis of the calculations on which the Statement is derived. This includes the design, implementation and maintenance of internal control relevant to the preparation of the Statement to ensure that mental health expenditure is correctly classified and included in the calculations and that the Statement is free from material misstatement, whether due to fraud or error.

“To the best of my knowledge and belief I have properly discharged my responsibilities, with regard to reporting against the Mental Health Investment Standard.”

In preparing the statement, the accountable officer is required to comply with the requirements of the criteria specified by us for the preparation of the statement and the headline calculations on which it has been based.

## Annex 4: MHIS compliance statement – 2021/22 standardised terms of engagement

### **Agreed as part of the assurance engagement of the mental health investment standard 2021/22 – Guidance**

NHS England and NHS Improvement accepts that an agreement between the successor integrated care board (ICB) of the clinical commissioning group (CCG), its reporting accountants and NHS England and NHS Improvement on these terms is formed when the accountants sign the contract with the CCG as set out in Clause 3 herein. [NB: NHS England and NHS Improvement will not need to sign anything. By publishing this document NHS England and NHS Improvement confirms that these pre-agreed terms form its agreement with the ICB and the reporting accountants. NHS England and NHS Improvement will be solely responsible for updating and publishing the standard terms of engagement. If by exception NHS England and NHS Improvement agrees to any deviation from the standard terms, this will be confirmed in writing by NHS England and NHS Improvement and a deviation statement must be included in the reporting accountant's report. This does not preclude the CCG or its successor ICB from agreeing separate engagement terms with the accountant that supplement, but do not conflict with, these standardised engagement terms.]

In these terms of engagement:

'the CCG' refers to [XYZ CCG]

'the ICB' refers to [XYZ ICB] (successor organisation of CCG)

'the accountant' refers to the CCG's reporting accountants.

#### **1. Introduction**

The ICB is required to produce and publish an annual MHIS compliance statement for their predecessor CCG, as set out in clause 3 below, that is published alongside a report signed by an accountant to provide independent assurance. These terms of engagement set out the basis on which the accountant will sign its report.



## **2. Responsibilities of the ICB and CCG**

- 2.1 The ICB is responsible for producing the MHIS compliance statement for its predecessor CCG, maintaining proper records complying with the terms of any legislation or regulatory requirements and NHS England and NHS Improvement's regulatory requirements as set out in the Assurance Engagement of the Mental Health Investment Standard 2021/22 Guidance (the 'assurance briefing') and providing relevant information to NHS England and NHS Improvement on a basis in accordance with the requirements of the assurance briefing. The ICB is responsible for ensuring that the non-financial records for its predecessor CCGs can be reconciled to the financial records.
- 2.2 The management of the ICB will make available to the accountant all records, correspondence, information and explanations for its predecessor CCGs that the accountant considers necessary to enable the accountant to perform the accountant's work.
- 2.3 The ICB and NHS England and NHS Improvement accept that the ability of the accountant to perform its work effectively depends upon the ICB providing full and free access to the financial and other records and the ICB shall procure that any such records held by a third party are made available to the accountant for its predecessor CCGs.
- 2.4 The accountant accepts that, whether or not the ICB meets its obligations, the accountant remains under an obligation to NHS England and NHS Improvement to perform its work with reasonable care. The failure by the ICB to meet its obligations may cause the accountant to qualify its report or be unable to provide a report.

## **3. Scope of the accountant's work**

- 3.1 The ICB will provide the accountant with such information, explanations and documentation that the accountant considers necessary to carry out its responsibilities for its predecessor CCGs. The accountant will seek written representations from management in relation to matters for which independent corroboration is not available. The accountant will also seek confirmation that any significant matters of which the accountant should be aware have been brought to the accountant's attention.

- 3.2 The accountant will perform the following work in relation to reports required by NHS England and NHS Improvement:
- 3.2.1 The MHIS compliance statement: the accountant will carry out a reasonable level of assurance assignment as set out in the terms and conditions of the assurance briefing and subject to any adverse findings will produce a report in the form set out below.
  - 3.2.2 The criteria are identified as per the assurance briefing.
- 3.3 The accountant will not subject the information provided by the ICB for its predecessor CCGs to checking or verification except to the extent expressly stated. While the accountant will perform the accountant's work with reasonable skill and care, the accountant's work should not be relied upon to disclose all misstatements, fraud or errors that might exist.

#### **4. Form of the accountant's report**

- 4.1 The accountant's reports are prepared on the following bases:
- 4.1.1 ICBs should share draft reports for their predecessor CCGs received from the reporting accountant with NHS England and NHS Improvement.
  - 4.1.2 Neither the ICB nor NHS England and NHS Improvement may rely on any oral or draft reports the accountant provides. The accountant accepts responsibility to the ICB and NHS England and NHS Improvement for the accountant's final signed reports only.
  - 4.1.3 The accountant's report will be prepared solely for the confidential use of the ICB and NHS England and NHS Improvement, and solely for the purpose of facilitating the MHIS compliance statement. The report will be released to the ICB and NHS England and NHS Improvement on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms in the assurance briefing), without the prior written consent of the accountant, except where there is a legal or statutory right of access.

- 4.1.4 Without imposing on the accountant and without the accountant assuming (or being perceived as assuming) any duty or responsibility and without imposing or accepting any liability to anyone except the ICB and NHS England and NHS Improvement, the ICB and NHS England and NHS Improvement may disclose the reports to others who demonstrate statutory rights of access to the report.
- 4.1.5 To the fullest extent permitted by law, except for the ICB and NHS England and NHS Improvement, the firm of accountants, its partners and staff neither owe nor accept any duty to any person (including, without limitation, any person who may use or refer to any of the CCG's publications) and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in the accountant's reports.

## **5. Liability provisions**

- 5.1 The accountant will perform the engagement with reasonable skill and care and accepts responsibility to the ICB and NHS England and NHS Improvement for losses, damages, costs or expenses ('losses') caused by its breach of contract, negligence or wilful default, subject to the following provisions:
- 5.1.1 The accountant will not be responsible or liable if such losses are due to the provision of false, misleading or incomplete information or documentation or due to the acts or omissions of any person other than the accountant, except where, on the basis of the enquiries normally undertaken by accountants within the scope set out in these terms of engagement, it would have been reasonable for the accountant to discover such defects.
- 5.1.2 The accountant accepts liability without limit for the consequences of its own fraud and for any other liability which it is not permitted by law to limit or exclude.
- 5.1.3 Subject to the previous paragraph (5.1.2), the total aggregate liability of the accountant whether in contract, tort (including

negligence) or otherwise, to the ICB and NHS England and NHS Improvement, arising from or in connection with the work which is the subject of these terms (including any addition or variation to the work), shall not exceed the amount of £500,000.

- 5.2 The ICB and NHS England and NHS Improvement agree that they will not bring any claims or proceedings against any individual partners, members, directors or employees of the accountant. This clause is intended to benefit such partners, members, directors and employees who may enforce this clause pursuant to the Contracts (Rights of Third Parties) Act 1999 ('the Act'). Notwithstanding any benefits or rights conferred by this agreement on any third party by virtue of the Act, the parties to this agreement may agree to vary or rescind this agreement without any third party's consent. Other than as expressly provided in these terms, the Act is excluded.
- 5.3 Any claims, whether in contract, negligence or otherwise, must be formally commenced within six years after the party bringing the claim becomes aware (or ought reasonably to have become aware) of the facts which give rise to the action and in any event no later than six years after relevant report was issued (or, if no report was issued, when the accountant accepted the engagement in writing). This expressly overrides any statutory provision which would otherwise apply.
- 5.4 This engagement is separate from and unrelated to the accountant's audit work on the financial statements of the CCG for the purposes of any applicable statutory or regulatory or other auditing framework and nothing herein creates obligations or liabilities regarding the accountant's audit work, which would not otherwise exist.

## **6. Fees**

The accountant's fees, together with VAT and out-of-pocket expenses, will be agreed with and billed to the CCG or its successor ICB. NHS England and NHS Improvement is not liable to pay the accountant's fees.

## **7. Quality of service**

The accountant will investigate all complaints. NHS England and NHS Improvement or the ICB has the right to pursue any complaint.

## **8. Providing services to other parties**

The accountant will not be prevented or restricted by virtue of the accountant's relationship with the ICB and NHS England and NHS Improvement, including anything in these terms of engagement, from providing services to other clients. The accountant's standard internal procedures are designed to ensure that confidential information communicated to the accountant during the course of an assignment will be maintained confidentially.

## **9. Applicable law and jurisdiction**

9.1 This agreement shall be governed by and interpreted and construed in accordance with the laws in England and Wales and the English courts.

9.2 The ICB, NHS England and NHS Improvement and the accountant irrevocably agree that the courts of the UK shall have exclusive jurisdiction to settle any dispute (including claims for set-off and counterclaims) which may arise on any basis in connection with the validity, effect, interpretation or performance of, or the legal relationship established by this agreement or otherwise arising in connection with this agreement.

## **10. Alteration to terms**

All additions, amendments and variations to these terms of engagement shall be binding only if in writing and signed by the duly authorised representatives of the parties. These terms supersede any previous agreements and representations (unless based on fraud) between the parties in respect of the scope of the accountant's work and the accountant's report or the obligations of any of the parties relating thereto (whether oral or written) and represents the entire agreement and understanding between the parties. These terms do not affect any separate agreement in writing between the ICB and the accountant.

**Illustrative independent reasonable assurance report in connection with the 2021/22 MHIS compliance statement to the governing body of [name of ICB] (the successor body of [name of predecessor CCG]) and NHS England and NHS Improvement for the year ended 31 March 2022**

To: Governing Body of [name of ICB] (the successor body of [name of predecessor CCG]) and NHS England and NHS Improvement

This reasonable assurance report (the "Report") is made in accordance with the terms of our engagement letter dated [xxx] (the "Engagement Letter") for the purpose of reporting to the Governing Body of [name of ICB] ("the ICB")(the successor body of [name of predecessor CCG]) (the "CCG") and NHS England and NHS Improvement in connection with the ICB's Mental Health Investment Standard compliance statement dated [yyyy] for the year ended 31 March 2022 (the "Statement"), which is attached. As a result, this Report may not be suitable for another purpose.

**Responsibilities of the ICB (the successor body of the CCG)**

The planning guidance for 2021/22 issued by NHS England and NHS Improvement stated that: "CCGs must continue to increase investment in mental health services, in line with the Mental Health Investment Standard (MHIS). For 2021/22 the standard requires CCGs to increase spend by at least their overall programme allocation growth plus an additional percentage increment to reflect the additional mental health funding included in CCG allocations for 2021/22..... in every case will be subject to independent auditor review."

ICBs as successor bodies to CCGs are required to publish a statement after the end of the financial year to state whether they consider that their predecessor CCGs have met their obligations with regard to the MHIS (the "Statement"). The format and content of the Statement should be in line with the specified wording in the Assurance Engagement of the Mental Health Investment Standard 2021/22 – Briefing Guidance (the "Guidance") issued by NHS England and NHS Improvement.

The ICB's Accountable Officer is responsible for the preparation of the Statement(s) for the ICB's predecessor CCG(s) for the year ended 31 March 2022 and for the completeness and accuracy of the accounting records and calculations (the "Relevant Information") that forms the basis for the preparation of the Statement. This includes the design, implementation and maintenance of internal controls

relevant to the preparation of the Statement to ensure that mental health expenditure is correctly classified and included in the calculations and that the Statement is free from material misstatement, whether due to fraud or error.

### **Relevant information to be used in the preparation of the statement**

The relevant information to be used in the preparation of the Statement is set out in the guidance. This includes:

- Total expenditure on mental health in the year ended 31 March 2022, which is consistent with the definitions used for programme budgeting, as set out in the guidance
- The CCG's target spend for the year, as confirmed by NHS England and NHS Improvement.
- The guidance sets out what constitutes eligible mental health expenditure for the purpose of the MHIS and the Statement.

The ICB's accountable officer (as successor body of the CCG) was required to provide us with:

- access to all information of which management is aware that is relevant to the preparation of the Statement, including procuring any such records held by a third party so they were made available to us
- additional information that we requested from management for the purpose of the engagement
- unrestricted access to persons within the ICB from whom we determined it necessary to obtain evidence.

### **Practitioner's responsibilities**

Our responsibilities are to express a conclusion on the accompanying Statement. We conducted our engagement in accordance with UK Standard on Assurance Engagements (ISAE (UK) 3000), Assurance engagements other than audits or reviews of historical financial information. ISAE (UK) 3000 requires us to form an opinion as to whether the Statement has been properly prepared, in all material respects, in accordance with the criteria set out in the guidance.

We apply International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and

procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

For the purpose of the engagement we have been provided by the ICB with a copy of their predecessor CCG's draft MHIS compliance statement showing the predecessor CCG's eligible MHIS expenditure and target spend for 2021/22, together with a more detailed expenditure summary. The Accountable Officer of the ICB remains solely responsible for the Statement.

We performed a reasonable assurance engagement as defined in ISAE (UK) 3000. The objective of a reasonable assurance engagement is to perform such procedures [on a sample basis] as to obtain information and explanations which we consider necessary in order to provide us with sufficient appropriate evidence to express a positive conclusion on the Statement.

A summary of the work that we performed is as follows:

[Reporting accountant to include details here]

We have examined the records of the predecessor CCG held by the ICB, performing such procedures on a sample basis so as to obtain information and explanations which we considered necessary having regard to the guidance issued by NHS England and NHS Improvement and received such explanations from the management of the ICB in order to provide us with sufficient appropriate evidence to form our conclusion on the Statement.

The scope of our testing covered the total MHIS expenditure included in the Statement only and does not cover the reporting of spend against individual service lines in the expenditure summary.

Our work was directed to those matters which, in our view, materially affect the Statement and was not directed to the discovery of errors or misstatements that we consider to be immaterial. While we perform our work with reasonable skill and



care, it should not be relied upon to disclose all misstatements, fraud or errors that might exist.

**Inherent limitations (this section is only relevant if you are the CCG's auditor)**

Our audit work on the financial statements of the CCG is carried out in accordance with our statutory obligations and is subject to separate terms and conditions. This engagement will not be treated as having any effect on our separate duties and responsibilities as the CCG's external auditors. Our audit report on the financial statements is intended for the sole benefit of the members of the Governing Body of the successor ICB, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014.

It is not expected for accountants to review clinical opinions.

Our audit work has been undertaken so that we might state to the members of the Governing Body of the CCG or its successor ICB those matters we are required to state to them in an auditor's report and for no other purpose. Our audits of the CCG's financial statements are not planned or conducted to address or reflect matters in which anyone other than such members of the Governing Body of the successor ICB may be interested in such purpose. In these circumstances, to the fullest extent permitted by law, we do not accept or assume any responsibility to anyone other than the successor ICB and the members of the Governing Body of the successor ICB for our audit work, for our audit reports, or for the opinions we have formed in respect of those audits.

To the fullest extent permitted by law we do not and will not, by virtue of our reports or otherwise, assume or accept any duty of care or liability under this engagement to its successor ICB and the members of the Governing Body of the successor ICB, or NHS England and NHS Improvement or to any other party, whether in contract, negligence or otherwise in relation to our statutory audits of the CCG's financial statements.

**[Conclusion/qualified conclusion/adverse conclusion]**

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

In our opinion, [XYZ] CCG's Mental Health Investment Standard compliance statement has been properly prepared, in all material respects, in accordance with the criteria set out in the Assurance Engagement of the Mental Health Investment Standard 2019/20 – Briefing Guidance published by NHS England and NHS Improvement.

Or

Except for [detail minor exceptions noted], in our opinion [XYZ] CCG's Mental Health Investment Standard compliance statement has been properly prepared, in all material aspects, in accordance with the criteria set out in the Assurance Engagement of the Mental Health Investment Standard 2021/22 - Briefing Guidance published by NHS England and NHS Improvement.

Or

In our opinion [XYZ] CCG's Mental Health Investment Standard compliance statement has not been properly prepared in all material respects, in accordance with the criteria set out in the Assurance Engagement of the Mental Health Investment Standard 2021/22 – Briefing Guidance published by NHS England and NHS Improvement.

Basis for [Qualified Conclusion/Adverse Conclusion]

We have undertaken our review of the CCG's Statement of Compliance having regard to the criteria set out by NHS England and NHS Improvement in its Assurance Engagement of the Mental Health Investment Standard 2021/22 – Briefing Guidance.

We have identified the following issues that indicate that the CCG's Statement of Compliance has not been properly prepared in accordance with NHS England and NHS Improvement's guidance:

[insert details of issues leading to qualification of opinion]

Restriction of Use of Our Report

[Reporting accountant to add standard wording]

[name of reporting accountant]

[Office location]

[Date]

NHS England and NHS Improvement  
Skipton House  
80 London Road  
London  
SE1 6LH

Contact: [enquiries@england.nhs.uk](mailto:enquiries@england.nhs.uk)

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