

# Auditor's Annual Report

Oxford University Hospitals NHS  
Foundation Trust – year ended 31 March  
2022

21 June 2022



- 01** Introduction
- 02** Audit of the financial statements
- 03** Commentary on VFM arrangements
- 04** Other reporting responsibilities

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# 01

## Section 01: **Introduction**

## Purpose of the Auditor's Annual Report

Our Auditor's Annual Report (AAR) summarises the work we have undertaken as the auditor for Oxford University Hospitals NHS Foundation Trust ('the Trust') for the year ended 31 March 2022. Although this report is addressed to the Trust, it is designed to be read by a wider audience including members of the public and other external stakeholders. Our responsibilities are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice ('the Code') issued by the National Audit Office ('the NAO'). The remaining sections of the AAR outline how we have discharged these responsibilities and the findings from our work. These are summarised below.



### Opinion on the financial statements

We issued our audit report on 16 June 2022. Our opinion on the financial statements was modified to reflect the prior year limitation on inventory balances because we were unable to attend stock-counts in 2021 due to Covid-19 restrictions.



### Value for Money arrangements

In our audit report issued we reported that we had not completed our work on the Trust's arrangements to secure economy, efficiency and effectiveness in its use of resources and had not issued recommendations in relation to identified significant weaknesses in those arrangements at the time of reporting. Section 3 confirms that we have now completed this work and provides our commentary on the Trust's arrangements.

Following the completion of our work we have issued our audit certificate which formally closes the audit for the 2021/22 financial year.



### Wider reporting responsibilities

In line with group audit instructions issued by the NAO, on 16 June 2022 we reported that the Trust's consolidation schedules were consistent with the audited financial statements.

Section 02:

**Audit of the financial statements**

## 2. Audit of the financial statements

### The scope of our audit and the results of our opinion

Our audit was conducted in accordance with the requirements of the Code, and International Standards on Auditing (ISAs).

The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Trust and whether they give a true and fair view of the Trust's financial position as at 31 March 2022 and of its financial performance for the year then ended. Our audit report was issued on 16 June 2022. Our opinion on the financial statements was modified to reflect the prior year limitation of scope on inventory balances because we were unable to attend stock-counts in 2021 due to Covid-19 restrictions.

Introduction

Audit of the financial statements

Commentary on VFM arrangements

Other reporting responsibilities and our fees

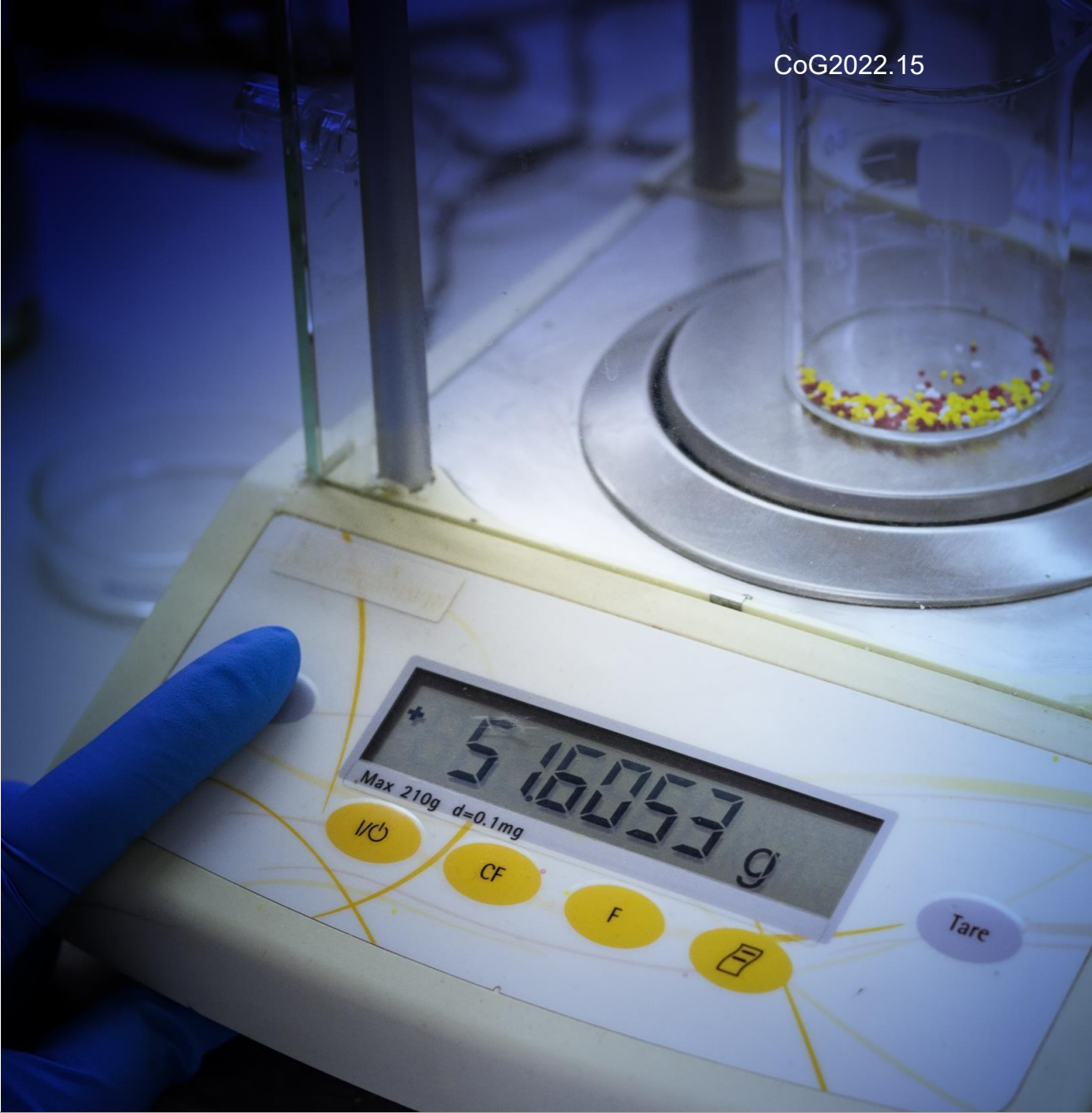
# 03

Section 03:

**Our work on Value for Money  
arrangements**

# 3. VFM arrangements

## Overall Summary





## 3. VFM arrangements – Overall summary

### Approach to Value for Money arrangements work

We are required to consider whether the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:

- **Financial sustainability** - How the Trust plans and manages its resources to ensure it can continue to deliver its services
- **Governance** - How the Trust ensures that it makes informed decisions and properly manages its risks
- **Improving economy, efficiency and effectiveness** - How the Trust uses information about its costs and performance to improve the way it manages and delivers its services

Our work is carried out in three main phases.

#### Phase 1 - Planning and risk assessment

At the planning stage of the audit, we undertake work so we can understand the arrangements that the Trust has in place under each of the reporting criteria; as part of this work we may identify risks of significant weaknesses in those arrangements.

We obtain our understanding of arrangements for each of the specified reporting criteria using a variety of information sources which may include:

- NAO guidance and supporting information
- Information from internal and external sources including regulators
- Knowledge from previous audits and other audit work undertaken in the year
- Interviews and discussions with staff and directors

Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest there are further risks of significant weaknesses.

Introduction

Audit of the financial statements

Commentary on VFM arrangements

Other reporting responsibilities and our fees

#### Phase 2 - Additional risk-based procedures and evaluation

Where we identify risks of significant weaknesses in arrangements, we design a programme of work to enable us to decide whether there are actual significant weaknesses in arrangements. We use our professional judgement and have regard to guidance issued by the NAO in determining the extent to which an identified weakness is significant.

#### Phase 3 - Reporting the outcomes of our work and our recommendations

We are required to provide a summary of the work we have undertaken and the judgments we have reached against each of the specified reporting criteria in this Auditor's Annual Report. We do this as part of our Commentary on VFM arrangements which we set out for each criteria later in this section.

We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Trust. We refer to two distinct types of recommendation through the remainder of this report:

##### • Recommendations arising from significant weaknesses in arrangements

We make these recommendations for improvement where we have identified a significant weakness in the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources. Where such significant weaknesses in arrangements are identified, we report these (and our associated recommendations) at any point during the course of the audit.

##### • Other recommendations

We make other recommendations when we identify areas for potential improvement or weaknesses in arrangements which we do not consider to be significant but which still require action to be taken

The table on the following page summarises the outcomes of our work against each reporting criteria, including whether we have identified any significant weaknesses in arrangements or made other recommendations.

### 3. VFM arrangements – Overall summary

#### Overall summary by reporting criteria

Reporting criteria	2020/21 Actual significant weaknesses identified?	2021/22 Commentary page reference	2021/22 Identified risks of significant weakness?	2021/22 Actual significant weaknesses identified?	2021/22 Other recommendations made?
 Financial sustainability	No	11	No	No	No
 Governance	No	16	No	No	No
 Improving economy, efficiency and effectiveness	No	19	No	No	No

Introduction

Audit of the financial statements

Commentary on VFM arrangements

Other reporting responsibilities and our fees

### 3. VFM arrangements

#### Financial Sustainability

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



# 3. VFM arrangements – Financial Sustainability

## Overall commentary on the Financial Sustainability reporting criteria

Significant weakness in 2020/21	Nil
Significant weaknesses identified in 2021/22	Nil.

### Position brought forward from 2020/21

As set out in the table above, we reported no significant weakness in the Trust’s arrangements for 2020/21.

### Background to the NHS financing regime in 2021/22

Following the onset of the Covid-19 pandemic in March 2020, the original NHS Planning Guidance 2020/21 was suspended and a new financial regime was implemented. For the second half of the 2020/21 year (October 2020 to March 2021) there was a move to “system envelopes”, with funding allocations covering most NHS activity made at the system level, including resources to meet the additional costs of the Covid-19 pandemic. The 2021/22 financial year was also split into two halves, with a different funding regime in each. However, the regimes were largely a continuation of those introduced in 2020/21 in response to COVID-19, where system envelopes and block payment arrangements remained in place.

The 2021/22 H1 (April 2021 to September 2021) envelopes comprised of adjusted CCG allocations, system top-up and COVID-19 fixed allocation, based on the H2 2020/21 envelopes, adjusted for known pressures and policy priorities. The 2021/22 H1 NHS guidance also confirmed that block payment arrangements would remain in place for relationships between

NHS commissioners and NHS providers. The guidance for H2 (October 2021 to March 2022) confirmed that the arrangements would stay broadly consistent with a continuation of the H1 framework. The 2021/22 H2 “system envelopes” contained adjusted CCG allocations, system top-up and COVID-19 fixed allocation, based on the H1 2021/22 envelopes adjusted for additional known pressures, such as the impact of pay awards, and increased efficiency requirements.

Over the course of the year and into 2022/23, the focus of the funding regime has shifted from responding to the immediate challenges caused by COVID-19 to supporting recovery in the healthcare system. This has facilitated the need for collaborative working between commissioners and providers, as local systems were expected to work together to deliver a balanced position in 2021/22, with additional funding available for those systems exceeding target activity levels through the Elective Recovery Fund. The planning guidance for 2022/23 supports the transition back to local agreement of contracts, and requires systems to achieve a break even position each year. This will necessitate further collaboration through the planning process, as individual organisations work together to achieve system-level outcomes.

## Overall commentary on the Financial Sustainability reporting criteria (continued)

### Overall responsibilities for financial governance

We have reviewed the Trust’s overall governance framework, including Trust Board and Committee Reports, the Annual Governance Statement, and Annual Report and Accounts to confirm the Trust Board has arrangements to meet its responsibility to make the best use of financial resources and deliver the services people need, to standards of safety and quality which are agreed nationally.

We have reviewed reports and minutes of the Integrated Assurance Committee (IAC), confirming there is oversight on divisional and corporate performance, quality of services and financial governance on behalf of the Board. We have reviewed the reports and minutes of the Investment Committee, confirming there is oversight on capital, specific investment decisions and commercial activities. We have reviewed reports and minutes of the Audit Committee, confirming there is oversight on the Trust’s internal control and risk management arrangements.

### The Trust’s financial planning and monitoring arrangements

Through our review of Board and Committee reports, meetings with management, review of key documents and relevant work performed on the financial statements, we are satisfied that the Trust’s arrangements for budget monitoring remain appropriate. These include:

- Standing Financial Instructions with relevant provisions for budgetary control and reporting - these including arrangements for Finance Managers to provide reports and support to budget holders and teams to support effective financial management of those component parts of Trust financial performance. Clear responsibilities are outlined for budget holders

and the Trust’s Standing Financial Instructions include specific provisions for the preparation and approval of the Annual Plan and budget.

- Alignment of budgeting with other planning processes - workforce planning informs the budget setting process and operational activity planning is taken into account with budgets aligned to commissioning intentions and treatment performance. There is an established Business Case process when services are faced with changes which impact activity and required financial resources. The Trust agreed its 2020-2025 Strategy in March 2020, which sets out the strategic objectives and supporting themes for the period. Our review of documentation and discussions with management confirm that business planning, investment decisions, and governance arrangements are shaped within this strategic framework.
- Oversight from the Trust Board and its Committees - throughout 2021/22 there has continued to be regular and sufficiently detailed reporting on financial performance and planning through the Integrated Performance Reports. There is a reassessment of in-year forecasts and underlying run rate analysis throughout the financial year with bridge analysis provided to identify key changes. The Board Assurance Framework (BAF) identifies the specific risks and controls regarding the ‘getting the basics right’ theme in the Trust’s Strategy. There have also been arrangements in place for responding to, with oversight by the IAC, the issues reported in the independent financial governance review.
- Established arrangements for effective year end financial reporting - statutory deadlines have been met for 2021/22 and in previous years. No significant concerns which adversely impact on this commentary were reported in our Audit Completion Report and the final financial outturn was broadly in line with the forecast position during the year.

# 3. VFM arrangements – Financial Sustainability

## Overall commentary on the Financial Sustainability reporting criteria (continued)

### The Trust's financial planning and monitoring arrangements (continued)

The Trust's financial outturn for 2021/22 does not indicate any significant VFM issues. The Trust's audited financial statements showed an operating surplus of £16.3m (£27.4m in prior year) against gross operating expenditure of £1,386.5m. After taking account of specific measures, this equated to a £3.3m surplus (£3.1m in prior year) against the control total. There were no significant unexpected adverse movements in the Statement of Financial Position.

### Capital

The Trust overspent its capital departmental resource limit (CDEL – which is the amount of capital expenditure that it can incur within a year) by £7.1m (with gross capital spend being £67.1m), largely due to a delay in receiving an expected donation towards the year-end. This does not reflect a significant weakness in the Trust's arrangements and as overspends are managed across the 'system' there is scope for mitigation through potential underspends elsewhere. The Business Planning Group meets weekly with reporting to the Trust Management Executive, and to the Trust Board via the Investment Committee when above the Trust Management Executive delegated limit. Capital planning is aligned to the identified Trust and regional priorities, within the Buckinghamshire, Oxfordshire and Berkshire West Integrated Care System (BOB ICS) capital envelope. A capital prioritisation plan is managed by the Capital management group, with membership from all Divisions. Our review of the BAF and the minutes of the Integrated Assurance and Audit Committees confirms there is appropriate focus on risks associated with capital and estates matters and challenge of performance.

The Consolidated Statement of Comprehensive Income we audited includes a separate disclosure relating to the Trust's financial performance against its control total, which we have

re-produced in the table below as well as showing the two major components of Taxpayer's Equity: Public Dividend Capital and the Income & Expenditure Reserve. Figures in brackets represent a deficit position.

	2019/20 (£'000)	2020/21 (£'000)	2021/22 (£'000)
<b>Control Total Performance</b>			
Audited surplus/(deficit for the period)	(11,657)	(1,641)	(16,588)
Net adjustments to control total basis	(1,121)	4,746	19,840
Adjusted financial performance	(12,778)	3,105	3,252
<b>Taxpayer's Equity</b>			
Public Dividend Capital	241,445	289,789	303,750
Income and expenditure reserve	(24,124)	(14,837)	(23,434)
Total Taxpayer's Equity	359,959	418,209	432,498

The increase in Public Dividend Capital reflects the capital funding received for successful bids to support significant schemes in the year. There were no unplanned movements on the Trust's borrowings, with the largest elements continuing to reflect the PFI commitments. We have confirmed that the Audit Committee received reports from management to support its consideration of the Trust's financial sustainability and the continuation of the Trust as a Going Concern.

# 3. VFM arrangements – Financial Sustainability

## Overall commentary on the Financial Sustainability reporting criteria (continued)

### The Trust’s arrangements and approach to Financial planning 2022/23

We reviewed the Trust’s 2022/23 financial plan submitted to NHSE/I in April 2022 and the supporting Board paper. We have discussed these with management and in our view, the Trust’s arrangements are adequate.

For 2022/23 the NHS will revert to contracting arrangements instead of the current block payments system introduced to simplify arrangements during the pandemic. The financial plan submitted in April 2022 showed an I&E deficit of £20.2m, within the overall BOB ICS deficit of £91m. The plan included targeted efficiency improvements of around £28m which was in line with the thresholds set out in the planning guidance. Although specific areas of planned saving had not been firmed up it was expected that the risks could be managed non-recurrently through cost control and reserves. The capital plan of £52.9m was approved subject to affordability but is to be revisited as, based on the currently allocated ICS resources of £30.8m and the budgeted I&E deficit, it is not sustainable.

NHSE/I required that all 2022/23 plans be resubmitted by 20 June 2022 and offered ICSs additional funding to help broker breakeven positions in local plans. The BOB ICS was offered around £40m of additional funding. The Trust worked with its ICS colleagues and internally to update its planning and the Trust’s resubmitted plan shows a £1.7m surplus for 2022/23. The plan shows that the efficiency improvement target for the year has increased to £44.0m, though with £28.4m expected to be recurrent (£14.7m in the original plan).

The creation of the statutory ICS from July 2022, along with the introduction of new financial/contracting arrangements, will lead to the need for, and opportunity to, develop more medium-term financial and operational plans. The Trust will continue to work with the ICS, to shape new management arrangements and deliver improved service configurations in the coming years. The Trust is expected to respond to national requirements whilst endeavouring to work with patients and the public to deliver good services within available resources.

Overall, we are satisfied that there are no indications of a significant weakness in arrangements under the financial sustainability criteria.

### 3. VFM arrangements

#### Governance

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

CoG2022.15





# 3. VFM arrangements – Governance

## Overall commentary on the Governance reporting criteria

Significant weakness in 2020/21	Nil
Significant weaknesses identified in 2021/22	Nil.

### Position brought forward from 2020/21

As set out in the table above, we reported no significant weakness in the Trust’s arrangements for 2020/21.

### Overall Governance Arrangements

Based on our work, we are satisfied that the Trust continues to have established governance arrangements and we have not identified any significant weaknesses.

The Trust has a full suite of governance arrangements in place, supported by the Trust’s Constitution and Scheme of delegation. These are set out in the Trust’s Annual Report and Annual Governance Statement. We reviewed these documents as part of our audit and confirmed they were consistent with our understanding of the Trust’s arrangements in place.

Our review of the Trust’s governance framework confirms arrangements are in place, with the Trust Board being responsible for the overall performance of the Trust and having a clear set of strategic and supervisory roles. The Trust has established Committees to support these roles. The Trust carries out an annual review of the Board and its Committees; each sub-committee completes an annual review of its effectiveness, with the results and any priorities for improvement reported to the Trust Board. We consider the committee structure of the Trust is sufficient to provide assurance that decision making, risk and performance management is subject to appropriate levels of oversight and challenge.

The 2021/22 Annual Report and Annual Governance Statement set out the steps taken in the year to strengthen compliance with NHS Improvement’s Well-Led framework. The Care Quality Commission’s most recent inspection in 2019 resulted in a rating for this domain of ‘Requires Improvement’. The actions taken during 2021/22 included the completion of the financial governance review and the development and monitoring of specific action plans to address the findings of the two reports received from the Care Quality Commission on Infection Control and Maternity Services in the Trust.

The Trust carries out an ongoing programme of work to ensure that its governance procedures are in line with the principles of the NHS Foundation Trust Code of Governance. The Annual Report includes a summary of the Trust Board’s assessment of its arrangements against the Code’s expectations

The Annual Report sets out the arrangements in place for the Council of Governors (CoG) to carry out its roles and meet its responsibilities as set out in the Trust Constitution. These include the arrangements for making the Trust accountable for the services it provides. The Annual Report states that there has been regular and increasing engagement by the CoG and individual Governors with the Trust Board and that the Chair of the Trust is also the Chair of the CoG, and has the responsibility of updating the Board regularly on matters arising from the CoG. The Trust’s updated Constitution was adopted in July 2021 following a full review including a Governor-led working group.

# 3. VFM arrangements – Governance

## Overall commentary on the Governance reporting criteria (continued)

The Trust records strategic risks in the Board Assurance Framework (BAF), with the Corporate Risk Register subject to regular review by the Risk Committee. Our review of the BAF confirms it is sufficiently detailed to manage the Trust’s key risks, identify controls, gaps in controls and obtain the assurance required to work towards a targeted risk score. The Audit Committee programme includes regularly assessing whether these arrangements are in place and are effective.

The BAF and Corporate Risk Register are used to inform the agenda of the Trust Board and Integrated Assurance Committees with our review of agendas confirming the relevant risks being reviewed regularly. Our review of Board and Committee reports as well as attendance at Audit Committee meetings confirms the BAF is regularly updated and in sufficient detail to allow for review including primary risk controls, gaps, plans to improve controls and any additional actions required.

The Audit Committee considers the BAF, Annual Report and Accounts and Annual Governance Statement and monitors progress with internal and external audit plans. It also regularly receives updates on losses and compensation payments, single tender waivers. Our attendance at Audit Committee has confirmed there is an appropriate level of effective challenge.

We reviewed the 2021/22 Annual Governance Statement and are satisfied it fairly reflects the arrangements in place. The Statement identifies significant matters that the Trust is focused on addressing but these are not identified as significant gaps in control in relation to the delivery of the Trust’s strategic objectives and we are satisfied that they do not represent significant weaknesses in the Trust’s VFM arrangements.

The Trust’s Internal Audit is provided by an independent third party who provide an Annual Plan, Annual Report and regular progress reports to the Audit Committee, which we have read. The Head of Internal Audit Opinion is reflected in the published Annual Governance Statement. In respect of the 2021/22 period Internal Audit provided a rating of ‘moderate assurance’ that there is a sound system of internal control, designed to meet the Trust’s objectives and that controls are being applied consistently. The overall opinion and the detailed reports issued in the year do not identify any significant weaknesses in the Trust’s VFM arrangements. The Trust’s Local Counter Fraud service is provided by an independent third party. The Audit Committee has received regular progress reports on the agreed annual counter fraud plan and provided oversight and challenge as required. None of the matters reported in the year or in the Anti-Crime Service Annual Report 2021/22 indicate any significant weaknesses in the Trust’s VFM arrangements.

**Overall, we are satisfied that there are no indications of a significant weakness in arrangements under the financial sustainability criteria.**

### 3. VFM arrangements

#### 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



# 3. VFM arrangements – Improving Economy, Efficiency and Effectiveness

## Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria

Significant weakness in 2020/21	Nil
Significant weaknesses identified in 2021/22	Nil.

### Position brought forward from 2020/21

As set out in the table above, we reported no significant weakness in the Trust’s arrangements for 2020/21.

### Overview

We have reviewed key reports issued by the Board and confirmed the Trust reports its performance in several different ways, including:

- an Integrated Performance Report to each Board meeting, with the Integrated Assurance Committee also providing detailed scrutiny and challenge of the report at its meetings; and
- the publication of the Annual Report, and Annual Governance Statement, which are reviewed by the Audit Committee before adoption by the Trust Board.

The Trust has in place a Trust Management Executive approved Performance Management and Accountability Framework, which details how operational, performance and financial issues are identified, stratified and reported through the organisation. The framework outlines a Trust wide approach to managing performance and holding Divisions to account for delivery of objectives and improvements, including those relating to governance and risk management. This includes monthly Divisional Performance Review meetings, chaired by the Chief Executive and supported by other Chief Officers. The outcomes of the Performance Review Meetings are presented to the Integrated Assurance Committee and the Committee assurances provided to

the Board.

The regular Integrated Performance Reports cover Quality, Outcomes and Patient Experience; Operational Performance; Workforce; Digital; and Finance. Performance is summarised in format which shows performance against target and over time. Board members are also able to triangulate information from this report with the assurance summaries from each Committee, where Committee chairs draw attention to assurances provided or matters escalated for the full Board’s attention.

The Trust’s Annual Report sets out its performance against key indicators and how it evaluates and assesses performance and improvement opportunities.

Our review of confirms the reports provide sufficient detail to understand performance and published minutes demonstrate sufficient challenge from non-executive directors on the Trust’s costs, performance and service delivery.

### 3. VFM arrangements – Improving Economy, Efficiency and Effectiveness CoG2022.15

#### Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria (continued)

##### Regulator assessments

At the end of 2021/22, the Trust's overall combined quality rating by the Care Quality Commission (CQC) was 'Requires Improvement', with the domain scores from the latest published report shown in the table below. We have also included the overall ratings from the inspection reports on the Trust's hospitals. The inspections were carried out in November 2018, with the reports published in June 2019. Ratings will not change until the next formal inspection by the CQC.

Theme	Rating
<b>Oxford University Hospitals NHS Foundation Trust (Combined ratings from report Issued June 2019)</b>	
Overall rating	Requires improvement
Are services safe?	Requires Improvement
Are services effective?	Good
Are services caring?	Good
Are services responsive?	Good
Are services well-led?	Requires improvement
Use of resources	Requires improvement
Hospital	Rating
Churchill Hospital	Good
Horton General Hospital	Good
John Radcliffe Hospital	Requires Improvement
Nuffield Orthopaedic Centre	Good

We have also considered the findings of the two reports received from the CQC on Infection Control (July 2021) and Maternity Services (September 2021) at the Trust. The outcome of the Maternity Services inspection was a fall in rating for the service (to 'Requires Improvement') but no change to the Hospital's overall rating. On its own this does not change our view that the regulator's assessment does not represent a significant weakness in the Trust's arrangements.

We have reviewed the Trust's 2021/22 Annual Report which sets out the steps being taken to continue to engage with the CQC, including relationship meetings and the escalation of risks and concerns in respect of patient safety or quality if required. We reviewed Trust Board and Sub-committee Reports and confirmed that there was an Integrated Quality Improvement Programme in place during 2021/22, within which relevant CQC priorities have been included, and that the Trust Board and Trust Management Executive Committee receives progress update reports on the individual programmes' progress. The Integrated Performance Report to the Integrated Assurance Committee and Trust Board is sufficiently laid out to enable scrutiny on performance against Quality and Safety targets and performance trends as well as considering and challenging the actions to recover performance. The Integrated Assurance Committee minutes show that the Committee receives feedback from the quarterly Divisional Performance Reviews and discusses with Divisional Directors the challenges and risks relating to quality, patient and staff experience and operational performance. The Trust Management Executive Committee provides further oversight on clinical and corporate performance and accountability. We also reviewed the BAF, which links the identified risks to matters in response to relevant CQC findings and through to controls, sources of assurance and planned actions.

# 3. VFM arrangements – Improving Economy, Efficiency and Effectiveness

## Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria (continued)

### Regulator assessments (continued)

In 2020/21, the Trust commissioned an independent review of financial governance, prompted by the 2019/20 financial outturn, to highlight any areas of potential learning. This review was completed at the year under the oversight of the IAC. The Trust has taken action in relation to any highlighted areas for improvement. The Annual Report identifies that work is continuing on pay controls, quality improvement and efficiency, planning and working with the ICS.

NHSE/I is now satisfied that the Trust has made sufficient progress in relation to the areas of concern which prompted its 2018 enforcement notice and it lifted its enforcement undertakings in respect of finance in December 2021, with the Trust no longer in breach of its provider licence.

### Partnerships

Our review of the Trust's 2020-2025 Strategy confirmed that the Trust's strategic objectives include 'We will work with partners to improve the health and wellbeing of Our Populations, working collaboratively to deliver integrated and sustainable services'. Our review of Board minutes, documents in support of the Trust's VFM self-assessment and discussions with management confirms the Trust is committed to partnership working and there are examples of significant and effective partnership working in place.

This is particularly evident in the close partnership working with other health organisations in the area, through the BOB ICS. These arrangements have become more established throughout 2021/22 and into 2022/23. The Trust's work with Oxford University is supported by a set of formal partnership arrangements (the Strategic Planning Board and Joint Executive Group). The Trust is involved and provides leadership in many Clinical networks, each of which has governance structures in place to ensure the aims of the network are met, and the Oxford Academic Health Science Network which the Trust hosts for the region. The Trust's audited financial statements record the Trust's investments in joint ventures with Oxford University and

the Oxford Hospitals Charity. There are arrangements in place, through the Investment Committee, for monitoring investments, commercial activities and joint ventures.

### Procurement

There is a Procurement Policy in place with a requirement to procure via open competition, framework agreements or to seek prior approval via a waiver. Waivers are reviewed by the CFO and reported to Audit Committee. The Trust's Standing Financial Instructions set out the procedures, controls and the authorisation sign offs that are required for the commissioning or procurement of services. There is a professional procurement team in place with a specification process used to ensure that the selected option and supplier gives best value for money. Legally compliant Framework Agreements are used where appropriate and there are instructions in place regarding the levels for delegated approval of expenditure. The Trust has policies in place regarding expected standards of business conduct, and gifts and hospitality, to mitigate the risk of conflicts of interests arising. The Trust has established arrangements for managing its Private Finance Initiative contracts, which are highly material in value and significant for the successful operation of the Trust's hospitals and energy facilities.

**Overall, we are satisfied that there are no indications of a significant weakness in arrangements under the improving economy, efficiency and effectiveness criteria.**

# 04

Section 04:

## **Other reporting responsibilities and our fees**

## 4. Other reporting responsibilities and our fees

### Matters we report by exception

The Local Audit and Accountability Act 2014 provide auditors with specific powers where matters come to our attention that, in their judgement, require specific reporting action to be taken. Auditors have the power to:

- issue a report in the public interest;
- make a referral to the Secretary of State; and
- make a written recommendation to the Trust which must be responded to publicly.

We have not exercised any of these statutory reporting powers.

### Annual Governance Statement

We are also required to report if, in our opinion, the governance statement does not comply with relevant guidance or is inconsistent with our knowledge and understanding of the Trust. We did not identify any matters to report in this regard.

### Reporting to the NAO in respect of consolidation data

The NAO, as group auditor, requires us to report to them whether consolidation data that the Trust has submitted is consistent with the audited financial statements. We have concluded and reported that the consolidation data is consistent with the audited financial statements.

### Fees for work as the Trust's auditor

We reported our proposed fee for the delivery of our work under the Code of Audit Practice (£74,800 plus VAT) in our Audit Strategy Memorandum presented to the Audit Committee. Having completed our work for the 2021/22 financial year, we can confirm that our final fee is unchanged.

### Fees for other work

We confirm that we have not undertaken any non-audit services for the Trust in the year.



# Suresh Patel, Partner

## Mazars

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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services\*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

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