



Oxford University Hospitals NHS Foundation Trust

Auditor's Annual Report

Year ended 31 March 2024

03 July 2024



Oxford University Hospitals NHS Foundation Trust (the 'Trust')
John Radcliffe Hospital
Headley Way
Headington
Oxford OX3 9DU

03 July 2024

Dear Council of Governors and Audit Committee Members

2023/24 Auditor's Annual Report

We are pleased to attach our Auditor's Annual Report including the commentary on the Value for Money (VFM) arrangements for Oxford University Hospitals NHS Foundation Trust. This report and commentary explains the work we have undertaken during the year and highlights any significant weaknesses identified along with recommendations for improvement. The commentary covers our findings for audit year 2023/24.

This report is intended to draw to the attention of the Trust any relevant issues arising from our work. It is not intended for, and should not be used for, any other purpose.

We welcome the opportunity to discuss the contents of this report with you at the Council of Governors meeting on 10 July 2024.

Yours faithfully,

Janet Dawson

Partner

For and on behalf of Ernst & Young LLP

Encl

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The contents of this report are subject to the terms and conditions of our appointment as set out in our engagement letter of 11 November 2022. This report is made solely to the **Council of Governors, Audit Committee, Board of Directors and management of Oxford University Hospitals NHS Foundation Trust** in accordance with our engagement letter. Our work has been undertaken so that we might state to the **Council of Governors, Audit Committee, Board of Directors and management of Oxford University Hospitals NHS Foundation Trust** those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the **Council of Governors, Audit Committee, Board of Directors and management of Oxford University Hospitals NHS Foundation Trust** for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



BOARDROOM

01 Executive Summary



Executive Summary

Purpose

The purpose of the auditor's annual report is to bring together all of the auditor's work over the year and the value for money commentary, including confirmation of the opinion given on the financial statements; and, by exception, reference to any reporting by the auditor using their powers under the Local Audit and Accountability Act 2014. In doing so, we comply with the requirements of the 2020 Code of Audit Practice (the Code) and the supporting guidance of the NAO published within their Auditor Guidance Note 3 (AGN 03). This commentary aims to draw to the attention of the Trust and the wider public relevant issues from our work including recommendations arising in the current year and follow-up of recommendations issued previously, along with the auditor's view as to whether they have been implemented satisfactorily.

Responsibilities of the appointed auditor

We have undertaken our 2023/24 audit work in accordance with the Audit Plan that we issued on 14 February 2024. We have complied with the National Audit Office's (NAO) 2020 Code of Audit Practice, other guidance issued by the NAO and International Standards on Auditing (UK).

As auditors we are responsible for:

Expressing an opinion on:

- The 2023/24 financial statements;
- The parts of the remuneration and staff report to be audited;
- The consistency of other information published with the financial statements, including the annual report; and
- Whether the consolidation schedules are consistent with the Trust's financial statements for the relevant reporting period.

Reporting by exception:

- If the governance statement does not comply with relevant guidance or is not consistent with our understanding of the Trust;
- To NHS England if we have concerns about the legality of transactions or decisions taken by the Trust;
- Any significant matters or written recommendations that are in the public interest; and
- If we identify a significant weakness in the Trust's arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

Responsibilities of the Trust

The Trust is responsible for preparing and publishing its financial statements, annual report and governance statement. It is also responsible for ensuring the regularity of its income and expenditure and putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Executive Summary (continued)

2023/24 Conclusions

Financial statements	Unqualified - the financial statements give a true and fair view of the financial position of the Trust as at 31 March 2024 and of its expenditure and income for the year then ended. We issued our auditor's report on 27 June 2024.
Parts of the remuneration report and staff report subject to audit	We had no matters to report.
Consistency of the other information published with the financial statement	Financial information in the Annual report and published with the financial statements was consistent with the audited accounts.
Value for money (VFM)	We had no matters to report by exception on the Trust's VFM arrangements. We have included our VFM commentary in Section 03.
Consistency of the annual governance statement	We were satisfied that the annual governance statement was consistent with our understanding of the Trust.
Referrals to NHS England	We made no such referrals.
Public interest report and other auditor powers	We had no reason to use our auditor powers.
Reporting to the Trust on its consolidation schedules	We concluded that the Trust's consolidation schedules agreed, within a £300,000 tolerance, to the audited financial statements.
Reporting to the National Audit Office (NAO) in line with group instructions	The NAO included the Trust in its sample of Department for Health and Social Care component bodies. We had no matters to report to the NAO.
Certificate that the audit for 2023/24 is complete	We issued our certificate on 27 June 2024.



Executive Summary (continued)

Value for Money

Scope

Auditors are required to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We do not issue a 'conclusion' or 'opinion', but where significant weaknesses are identified we will report by exception in the auditor's opinion on the financial statements. In addition, auditors provide an annual commentary on arrangements published as part of the Auditor's Annual Report.

In undertaking our procedures to understand the body's arrangements against the specified reporting criteria, we identify whether there are risks of significant weakness which require us to complete additional risk-based procedures. AGN 03 sets out considerations for auditors in completing and documenting their work and includes consideration of:

- our cumulative audit knowledge and experience as your auditor;
- reports from internal audit which may provide an indication of arrangements that are not operating effectively;
- our review of Trust committee reports;
- meetings with key finance officers;
- information from external sources; and
- evaluation of associated documentation through our regular engagement with Trust management and the finance team.

Executive Summary (continued)

Value for Money (continued)

Reporting

Our commentary for 2023/24 is set in section 03. The commentary on these pages summarises our understanding of the arrangements at the Trust based on our evaluation of the evidence obtained in relation to the three reporting criteria (see table below) throughout 2023/24.

Appendix A includes the detailed arrangements and processes underpinning the reporting criteria. These were reported in our 2022/23 Auditor's Annual Report and have been updated for 2023/24.

In accordance with the NAO's 2020 Code, we are required to report a commentary against the three specified reporting criteria. The table below sets out the three reporting criteria, whether we identified a risk of significant weakness as part of our planning procedures, and whether, at the time of this interim report, we have concluded that there is a significant weakness in the body's arrangements.

Reporting Criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability: How the Trust plans and manages its resources to ensure it can continue to deliver its services	No significant risks identified	No significant weakness identified
Governance: How the Trust ensures that it makes informed decisions and properly manages its risks	No significant risks identified	No significant weakness identified
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	No significant risks identified	No significant weakness identified



Executive Summary (continued)

Independence

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Trust, and its members and senior management and its affiliates, including all services provided by us and our network to the Trust, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2023 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

EY Transparency Report 2023

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2023:

[EY UK 2023 Transparency Report | EY UK](#)



02

Audit of the financial statements

Audit of the financial statements

GUIDANCE: PLEASE DELETE THIS TEXT BOX BEFORE ISSUING: Provide one or two sentences concluding on your significant risks. Expand on to more pages as required. This should be consistent with your reporting in your ARR and should address our reporting requirements under ISA 240

Key findings

The Annual Report and Accounts is an important tool for the Trust to show how it has used public money and how it can demonstrate its financial management and financial health.

On 27 June 2024, we issued an unqualified opinion on the financial statements. We reported our audit scope, risks identified and detailed findings to the 26 June 2024 Audit Committee meeting in our Audit Results Report. We outline below the key issues identified as part of our audit. We reported six internal control recommendations in the Audit Results Report.

Significant risk	Conclusion
Misstatements due to fraud or error - Management override of controls	We have not identified any material weaknesses in the recognition of expenditure. We have not identified any instances of inappropriate judgements or estimates being applied. Our work did not identify any transactions during our audit which appeared unusual or outside the Trust's normal course of business.
Misstatements due to fraud or error - understatement of accrued liabilities due to fraud	Our audit work has found no indication of fraud in accrued liabilities balances.
Misstatements due to fraud or error - capitalisation of revenue expenditure	Our work has not identified any material weaknesses in controls or evidence of material management override concerning the capitalisation of revenue expenditure or inappropriate judgements being applied by management.
Significant risk - valuation of operational land & buildings	<p>We have engaged EY real estate valuation specialists and using the results of their work we have concluded that, overall, MEA valuation fell within a reasonable range, however, the assumed reduction in land area is very significant and the reduction is driven by the assumption that the MEA would be built to a much higher density and higher site cover than the existing facilities.</p> <p>We have assessed the accounting treatment implications with regards to revaluations undertaken from the 1st of April 2023 and proposed additional disclosures around management judgements made in application of accounting policies (i.e. IAS 8). We have not identified inconsistencies with the accounting reporting framework applied by the Trust.</p>
Inherent risk - IFRS 16 implementation on private finance initiative (PFI) accounting	We have involved team members with specialised knowledge in reviewing the transition calculations prepared by the Trust, as well as the PFI liability closing balance calculation as of 31 March 2024. We have tested key data points applied in the PFI accounting models. We have not identified any issues with the application of the PFI accounting model as provided by DHSC or with the data inputs in calculating the CIES charges and the closing balance of the liability.
Area of focus - Plant and machinery asset identification and their useful lives	As a result of our work in this area, and we have concluded that the internal control recommendation raised in our 2022/23 audit results report around plant and machinery identification and their useful lives applied in calculating depreciation has been partially addressed, thus we have carried forward our recommendation into 2023/24.
Area of focus - RAAC impact on the Trust's property, plant and equipment	We have received management's assessment of Reinforced Autoclaved Aerated Concrete and concluded on the impact on the Trust. We concluded that the RAAC impact was appropriately considered by the Trust in its statement of accounts.



03

Value for Money Commentary

Value for Money Commentary

Financial Sustainability: How the Trust plans and manages its resources to ensure it can continue to deliver its services

No significant weakness identified

The Trust is part of the wider Buckinghamshire, Oxfordshire and Berkshire West Integrated Care System ('BOB ICS'). ICSs are partnerships that bring together NHS organisations, local authorities and others to take collective responsibility for planning services, improving health and reducing inequalities across geographical areas. The BOB ICS is under significant financial pressure. A final deficit plan for 2024/25 was produced and submitted to NHS England for the BOB ICS, consistent with 2023/24.

The Trust recorded a deficit for the year of £28m in 2023/24 (£5m in 2022/23) on a statutory reporting basis and it has submitted a plan for 2024/25 showing a £8.1m deficit. It is within this overall context that we comment and make our judgements set out below.

The Trust prepared a cash flow forecast which shows a negative closing cash balance through to the end of June 2024 of £5.9m. Thus, the going concern note to the 2023/24 accounts was prepared on the basis that the Trust is relying on NHSE/DHSC cash support for the period until end of June 2025. Thus, the Trust's management made an application with UK Treasury for the second quarter of 2024/25 cash support, which can be withdrawn if not required.

In addition to this, management has assessed a range of scenarios that could present risks to the cash resilience of the Trust. The scenarios considered include the potential for delays to expected cash inflows, the potential for costs to increase and the potential for undelivered efficiencies. The combined scenario makes clear that the Trust's cash position is expected to be at historically low levels during 2024/25 that may result in the Trust having a negative cash position. In order to address the cash situation, management is pursuing several cash management measures, including:

- maximising in-year opportunities and cash inflows from commissioners;
- applying local cost control measures to ensure careful management of the monthly expenditure position at a divisional and organisational level;
- undertaking further work to fully identify and deliver efficiencies for 2024/25 and to keep the Trust on a path to sustainability;
- managing the capital programme progress during the year to ensure that the cash position can support the intended capital out lays;
- seeking targeted improvement in debtor days over the remainder of the year,
- exploring the potential to adopt managed equipment arrangements and to realise land sales.

The Trust has a Productivity Committee which manages the delivery of efficiencies and productivity improvements, however, the mitigations that management would introduce in any of these scenarios may not sufficiently mitigate the negative cash position, in which circumstance, management would engage with NHS England to access cash support that would take the form of Public Dividend Capital rather than a repayable loan facility.

The funding environment for the NHS has been challenging and it is incumbent on services to operate as efficiently as possible to optimize the resources available. Any agreed cost pressures add to the overall efficiency requirement to be made by the divisions and corporate directorates.

Conclusion: Based on the work performed, the Trust had proper arrangements in place in 2023/24 to enable it to plan and manage its resources to ensure that it can continue to deliver its services

Value for Money Commentary (continued)

Governance: How the Trust ensures that it makes informed decisions and properly manages its risks

No significant weakness identified

The Trust's Board has the overall responsibility for setting the strategic direction for the Trust. It makes sure that the Trust adheres to the principles set out in the NHS Constitution, NHS England's NHS Foundation Trust Code of Governance, and other related publications.

The Audit Committee oversees the establishment and maintenance of an effective system of internal control throughout the organisation, by means of independent and objective review of financial and corporate governance, and risk management arrangements, including compliance with law, guidance and regulations governing the NHS. It ensures there are effective internal audit arrangements in place that meet mandatory NHS Internal Audit Standards and provide independent assurance to the Board.

Risk is monitored and assessed through a combination of the board assurance framework and the Trust risk register and assessment processes. Each division and directorate is responsible for maintaining its own risk register in accordance with the Risk Management Policy. These risk registers are reviewed regularly by divisional and directorate forums. They are required to escalate relevant risks for inclusion in the Corporate Risk Register, which is reviewed by the Board Committees.

The Trust has in place a robust internal audit process implemented by the external provider BDO. For 2023/24, the Head of Internal Audit provided '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 across various services'. The opinion is consistent with prior year's internal audit report.

The Trust appointed a counter fraud external specialist, TIAA, whose services are underpinned by the Trust's counter fraud policy. Consistent with prior year, TIAA concluded that the Counter Fraud function is embedded well within the Trust and the work undertaken successfully addressed the generic areas of the Trust's Counter Fraud strategy.

Conclusion: Based on the work performed, the Trust had proper arrangements in place in 2023/24 to make informed decisions and properly manage its risks.

Value for Money Commentary (continued)

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

No significant weakness identified

The Trust has a Performance Management and Accountability Framework approved by the Trust Management Executive, which lays out policies for effective and efficient governance processes for accountability and performance management. The purpose of the Framework is to work with partners to collaboratively deliver integrated and sustainable services in order to improve the access, quality, and experience of care for patients.

The Chief Executive Officer has overall responsibility for the management of the Trust with personal responsibility for managing the organisation efficiently and effectively.

An Integrated Performance Report ('IPR') is produced monthly for the Integrated Assurance Committee ('IAC') - this incorporates all aspects of financial performance, activity and workforce as well as quality metrics. The IAC provides detailed scrutiny and challenge of the report at its meetings.

The Trust has an Integrated Quality Improvement Programme, which covers KPIs related to improving the quality and efficiency of its service delivery. The key strategic themes of the programme are:

- Recruitment Improvement Programme
- Urgent and Emergency Care Programme
- Cancer Improvement Programme
- Outpatients Improvement Programme
- Harm reduction Programme
- Theatres Improvement Programme

Each of the themes has an executive sponsor and an accountable Officer to ensure senior focus. Both the Trust Management Executive meeting ('TME') and the Integrated Assurance Committee ('IAC') receive a monthly report on the deliverable of the projects, including key metrics, and financial savings where applicable. This is discussed on a monthly basis at Productivity Committee.

The Productivity Committee also has the role of reviewing external benchmarking tools, such as GIRFT (Getting It Right First Time), to identify areas for process improvement or cost optimisation.

In addition, the Trust receives quality inspections from the external regulator, Care Quality Commission ('CQC'). At the end of 2023/24, the Trust's overall combined CQC quality rating was 'Requires Improvement', consistent with 2022/23. More details on this can be found in the VFM Appendices that follow. The Trust's Annual Report sets out its performance against key indicators and how it evaluates and assesses performance and improvement opportunities.

Conclusion: Based on the work performed, the Trust had proper arrangements in place in 2023/24 to enable it to use information about its costs and performance to improve the way it manages and delivers its services.



04 Appendices

Appendix A - Summary of arrangements

Financial Sustainability

We set out below the arrangements for the financial sustainability criteria covering the year 2023/24.

Reporting criteria considerations

Arrangements in place

How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them

The Trust is guided by a Performance Management and Accountability Framework, which outlines the processes to identify, monitor and respond to performance against agreed standards, and identifies the roles, functions and responsibilities for Committees and individuals in order to celebrate success, share good practice, oversee continuous improvement, and identify areas in need of performance improvement.

There are monthly and quarterly performance reviews within each division attended by Executive Directors, where financial, performance and operational pressures are discussed. There are also Corporate Performance Reviews being performed whereby Chief Officers are being held accountable for the Strategy and Objectives of the Executives. The key issues, pressures and risks are reported either to the Integrated Assurance Committee ('IAC') or Board of Directors, depending on the meeting timetable, to ensure that there is clear oversight of emerging issues and corresponding actions are agreed to respond to those pressures.

How the body plans to bridge its funding gaps and identifies achievable savings

The Trust has a Productivity Committee which manages the delivery of efficiencies and productivity improvements. This committee meets monthly chaired by the Chief Executive Officer.

In addition, the Trust continues to progress quality improvements through the Integrated Quality Improvement Team. The Quality Improvement Programme is focused on key strategic themes. Both the Trust Management Executive ('TME') and the IAC receive a monthly report on the deliverable of the projects, including key metrics and financial savings, where applicable. This is discussed on a monthly basis at the Productivity Committee.

Where the actions engaged by management would not sufficiently mitigate a potential cash negative position, management would engage with NHS England who have issued their provider revenue support process for 2024/25. This process provides cash support to Trusts facing cash resource issues, either due to a deficit or short term cashflow difficulties and would take the form of Public Dividend Capital rather than a repayable loan facility.

How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

The Trust's strategic and statutory priorities, which are detailed in the Trust's Strategy for 2020-2025, are directed by the NHS national priorities and operational planning guidance.

The Trust has a Planning Oversight Group to ensure that all aspects of planning: quality, operations, workforce and finance are aligned with the Trust's strategic and statutory priorities. This group reports to TME and through it to the Trust Board. The budgeting process is aligned to commissioning priorities and NHS strategy, as outlined in the budget setting paper and the planning structure.

Appendix A - Summary of arrangements

Financial Sustainability (continued)

We set out below the arrangements for the financial sustainability criteria covering the year 2023/24.

Reporting criteria considerations	Arrangements in place
How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system	<p>See commentary on the previous page under financial plans for sustainability in relation to the planning process and the Planning Oversight Group whose role is to ensure the alignment of operations, workforce and finance.</p> <p>The overall plans for the Trust are aligned and agreed on an Integrated Care Board ('ICB') basis via the joint Chief Officers forums. Consistency within the Trust is achieved through the oversight group as mentioned in the previous section.</p> <p>Capital planning is aligned to the Trust's needs and regional priorities and the Trust's capital envelope is part of the overall ICB's capital envelope. The capital prioritisation plan is managed by the Capital management group with membership from all clinical and corporate divisions.</p>
How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans	<p>Risks are identified, reported and managed/mitigated in reforecasting or mid-year planning processes. This includes intended use and transparent management of reserves/contingencies.</p> <p>The Trust has a clear business case process when services are faced with changes which impact activity and financials requiring resources via the weekly business planning group, fortnightly TMEs, and a route to Trust Board through the Investments Committee when the decisions exceed the TME delegated limit.</p>

Appendix A - Summary of arrangements

Governance

We set out below the arrangements for the governance criteria covering the year 2023/24.

Reporting criteria considerations

Arrangements in place

How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

The Trust has an established Risk Committee which is chaired by the Chief Executive Officer. The committee considers emerging risks, risks highlighted by the divisions and the Trust's risk register and Board Assurance Framework. The Trust has a risk management system, Ulysses, which can be used by any member of staff to alert the Trust to potential or actual risks. The Trust work in tandem with the Trust's internal auditors, BDO, to identify key areas of risk. Based on this risk assessment, an internal audit plan is derived which seeks to provide assurance on the internal controls in key risk areas identified. Management is actively involved in the selection of areas with higher levels of risk and in implementing the recommendations from these reviews in a timely manner, demonstrating an effective loop from findings to implementation.

The Trust's anti-crime external provider, TIAA, undertakes a fraud and bribery risk assessment that considers the risk of fraud across all business segments of the Trust. This assessment is undertaken in conjunction with management and it incorporates both internal and external key risks. Where there are areas of high risk, emerging risks across the health economy or within the Trust, remedial work is undertaken by TIAA to mitigate these fraud risks. The fraud and bribery risk assessment is a live document that is regularly reviewed and updated as new risks and issues emerge.

How the body approaches and carries out its annual budget setting process

The Trust is applying an incremental budgeting approach wherein a budget is prepared by taking the current period's budget or actual/forecast financial performance and using it as a base and then adjusting it by incremental amounts. Under the pre-pandemic financial regime, the method was a mix of incremental and activity-based budgeting.

There is a reassessment of in-year forecasts and underlying run rate analysis throughout the financial year with bridge analysis to identify key changes. These are included as part of the IAC performance reports.

How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed

There are monthly and quarterly performance reviews within each division, attended by executive directors where financial performance and operational pressures are discussed. The key issues, pressures and risks are reported either to the IAC or Board depending on the meeting timetable to ensure that there is clear oversight of emerging issues.

An Integrated Performance Report (IPR) is produced monthly for IAC - this incorporates all aspects of financial performance, activity and workforce as well as quality metrics. The IAC provides detailed scrutiny and challenge of the report at its meetings.

Appendix A - Summary of arrangements

Governance (continued)

We set out below the arrangements for the governance criteria covering the year 2023/24.

Reporting criteria considerations

How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee

How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests)

Arrangements in place

The Trust's Board has the overall responsibility for setting the strategic direction for the Trust. It makes sure that the Trust adheres to the principles set out in the NHS Constitution, NHS England's NHS Foundation Trust Code of Governance, and other related publications. To maintain balanced unitary decision-making, all Board members hold voting positions.

The principles of compliance with the NHS Foundation Trust Licence contain processes to support the Non-Executive Directors in their scrutiny and challenge of Executive management actions, as well as processes to support the Board's assessment of evidence to enable the Board to make evidence-based unitary decisions. The Trust has assessed that it is compliant with these conditions.

In relation to capital decisions and review, an annual capital plan is developed by the capital management group, which has input for all divisional teams as well as heads of departments. The plan is agreed by the Trust's Board, and performance against the plan is reported to and discussed at the Investment Committee.

The Audit Committee meets regularly and challenges the Trust on performance and budgeting reporting.

The Trust has a declaration of interest policy, which states that all staff must declare any personal, professional or business interest which may conflict with their official duty or may be seen to compromise their personal integrity in any way. There is a register of interest maintained for all staff by the company secretariat. Additionally, the Trust maintains a register of interests for all Board members. This is reviewed annually as part of the annual report process to ensure completeness and accuracy of declarations.

In addition, the Trust partakes in the National Fraud Initiative exercise managed by the Counter Fraud Authority, and the Trust is supported by their anti-crime specialist, TIAA. Part of TIAA's scope of work is to identify any members of staff who also have a beneficial interest in a supplier used by the Trust.

Appendix A - Summary of arrangements

Improving economy, efficiency and effectiveness

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the year 2023/24.

Reporting criteria considerations

Arrangements in place

How financial and performance information has been used to assess performance to identify areas for improvement

The Chief Finance Officer presents updated financial performance reports at the regular meetings of the Trust Board and the Audit Committee, where the Trust's performance is assessed and management is challenged to identify areas for improvement in the operations of the Trust. The Integrated Quality Improvement Programme led by the Chief Operating Officer uses performance data to identify areas of improvement.

The Productivity Committee reviews external benchmarking tools, such as GIRFT (Getting It Right First Time), to identify areas for process improvement or cost optimisation.

How the body evaluates the services it provides to assess performance and identify areas for improvement

Management presents a monthly Integrated Performance Report to the Trust Board, which includes an assessment of the Trust's performance against key quality indicators, both in total and by area. The Trust's internal audit is aligned with the priorities identified in the risk register and it provides insights to management on improvement areas.

The Digital Oversight Committee (DOC) has been established to review the digital environment and co-ordinate development. An annual staff survey is conducted by the Trust and the results are analysed overall and by department in order to identify areas of improvement.

The Trust also receives quality inspections from the external regulator, Care Quality Commission ('CQC'). At the end of 2023/24, the Trust's overall combined CQC quality rating was 'Requires Improvement', following an inspection performed during 19 - 21 November 2018 with the following domain scores published in June 2019:

Oxford University Hospitals NHS Foundation Trust (Combined ratings from report Issued June 2019)	
Theme	Rating
Combined quality and resource 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
Are resources used productively?	Requires improvement

Appendix A - Summary of arrangements

Improving economy, efficiency and effectiveness

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the year 2023/24.

Reporting criteria considerations

How the body evaluates the services it provides to assess performance and identify areas for improvement

Arrangements in place

During the same inspection, the CQC also rated each of the four hospitals as follows:

Oxford University Hospitals NHS Foundation Trust (Combined ratings from report Issued June 2019)	
Hospital	Rating
Nuffield Orthopaedic Centre	Good
Churchill Hospital	Good
Horton General Hospital	Good
John Radcliffe Hospital	Requires improvement

The CQC performed a short notice announced inspection in October 2023 on maternity service at Horton General Hospital and provided an overall rating of "Requires improvement". The results of the inspection were discussed at the Integrated Assurance Committee Meeting on 10 April 2024 where the Trust management proposed actions plans.

The Trust also received an announced virtual inspection of compliance with the Ionising Radiation (Medical Exposure) Regulations 2017 (IR(ME)R) of the radiotherapy service at the Oxford Cancer and Haematology Centre on 11 December 2023. The CQC reported examples of good practice as well as an area for improvement relating to effective documented mechanism. The Trust management provided a response to the areas for improvement in a response letter dated 6 February 2024 and action plans to address the CQC recommendations.

In its Annual Governance Statement, the Trust describes its action plan in response to the CQC recommendations, and this is reported through agreed governance processes.

Management has been pro-active and responsive to the CQC findings and recommendations and there is continuous engagement with the CQC in this respect. This demonstrates that the Trust has appropriate arrangements in place to respond to quality improvements requirements. We did not identify a risk of significant weaknesses in arrangements in this respect.

Appendix A - Summary of arrangements

Improving economy, efficiency and effectiveness (continued)

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the year 2023/24.

Reporting criteria considerations

Arrangements in place

How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve

The key partners identified by the Trust are: the BOB ICB and other ICB provider Trusts, NHS England regional team, Oxford University, and clinical networks. The Trust conducts stakeholder events when developing new services/major changes in service and it conducts Public Trust Board meetings.

The Trust has proactively developed strong working relationships with its partners over the years. This has resulted in strong collaborative working with a focus on delivering the greatest possible outcome across a number of areas. Management proactivity engages with stakeholders either directly (meetings, steering groups, committees etc.) or indirectly via broader communication channels to ensure the Trust's role with any partner or stakeholder is clearly communicated. Expectations are clearly documented at the outset of any engagement, and measured as the engagement progresses.

How the body ensures that commissioning and procuring services is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits

There are rigorous assessments of third party providers to establish whether they have adequate clinical governance arrangements in place, such as CQC licences.

The Trust's Procurement teams carry out tender and quotation processes in line with UK Procurement Directives. Such tenders are carried out using procurement best practices techniques and outcomes are reported and ratified by the Director of Procurement and Supply Chain, the Chief Finance Officer and the Trust Board.

The Trust uses the NHS approved frameworks to procure goods and services using competitions and direct awards to suppliers who provide the best value products and services for the Trust.

Where necessary, the team use waivers to ensure the continuity of service or where a competitive process does not deliver any extra value, the waiver process is overseen and approved by the supply Chain Director and the Chief Finance Officer.

Benefits from supplier negotiations are captured on the Trust's procurement savings software PAM. The software captures all savings made and projects that are underway. The evidence of savings and efficiencies made are shared with the Trust leads on a monthly basis.

Appendix B – Summary of recommendations

Recommendations

The table below sets out the recommendations arising from the financial statements audit 2023/24.

All recommendations have been agreed by management.

Issue	New control recommendation identified during 2023/24 audit	Management response
Financial statements: Consistency of mapping of general ledger data	<p>In our testing of operating income from patient care activities, we noted that the information in the general ledger is not aligned with the presentation of operating income by nature and by source as disclosed in the statement of accounts in notes 3.1 and 3.2, respectively. The accounting team compiles the disclosure notes using various sources, which can add inefficiencies and increase the risk of misstatements. This also added to the volume of audit work and delays in receipt of relevant supporting information. During our 2023/24 audit, we identified a miss-classification between line items "Income from commissioners under API contracts - variable element*" and "Income from commissioners under API contracts - fixed element*" within Note 3.1 of £271m and a miss-classification of £2m in the same note between "High cost drugs income from commissioners" and "Income from commissioners under API contracts - fixed element*" line items. Management agreed to correct this misstatement. Our recommendation is to align the mapping in the general ledger with the disclosure notes in the statement of accounts.</p> <p>We noted a similar inconsistency in mapping of the general ledger data related to Note 9, line item "Salaries and wages".</p>	<p>Management considers that the general ledger hierarchy is not well suited to variable reporting classifications therefore Management's consideration of response to this matter is likely to centre on the mapping process rather than the general ledger itself. Therefore, Management notes the recommendation, but has not had sufficient notice to consider its full response prior to the finalisation of the audit.</p>
Financial statements: Investment properties record keeping	<p>During our 2023/24 audit, we have noted that management identified and accounted for a couple of investment properties not recognised as such when these were first rented out for commercial purposes in 2014 and 2016. One of these properties was due to have a rent review in April 2021 and this has not yet been finalised with the tenant (OCMR Building), however the new rent is expected to be backdated once agreed.</p> <p>There is an accounting risk of understatement of investment properties and/or overstatement of operational properties and a business risk of not fully capitalising on investment assets if rent is not revised with regularity to adjust for inflation and other market factors.</p> <p>Our recommendation is to ensure accurate and complete record keeping is maintained for investment properties and rent is revised and negotiated in advance of the rent review date.</p>	<p>Management notes the recommendation but has not had sufficient notice to consider its response prior to the finalisation of the audit.</p>

Appendix B – Summary of recommendations

Recommendations (continued)

Issue	Recommendations from prior period that we roll forward into 2023/24	Management response
Financial statements: Record keeping in the fixed asset register	<p>During our property, plant and equipment ('PPE') additions testing in 2022/23, we understood that there was a delay between the capitalisation date of an expense and the date of allocating the new asset in the fixed asset register by asset number. To ensure that the total closing balance of PPE is accurate at the reporting date, an 'asset clearing account' is created that combines the non-allocated assets. This poses difficulties in audit testing of in-year additions, thus resulting in additional time spent on the audit. It also creates a risk of misstatement in the closing gross book value by type of PPE, leading to a possible misstatement of depreciation charge in year due to incorrect measurement basis of assets under the clearing account.</p> <p>We have encountered similar challenges in our testing as in prior year.</p> <p>We recommend that all assets are allocated to the appropriate asset codes before the year-end accounts are prepared for issue and the balance of the 'asset clearing account' in the fixed asset register is reduced to Nil at every year-end reporting date as a minimum.</p>	<p>Management has implemented changes in the course of 2023/24 that have addressed the previous findings and will use the period of post-audit review to assess whether any further work is required in relation to these findings.</p>
Financial statements: Plant and machinery asset identification	<p>During our existence testing of gross book value of plant and machinery in 2022/23 and 2023/24, we identified that some assets with a Nil net book value could not be located by management, thus the existence of those assets was not supported as per our testing. We reported an extrapolated impact for overstatement of gross book value based on our sample test . This did not result in an overstatement of the net book value of the same properties.</p> <p>Following our recommendation last year, management provided us with a summary of their review of plant and machinery assets recognised in the accounts which are older than 18 years, which identified assets with a total gross book value of £16m which could not be proven in existence. We understand that the remaining portfolio of plant and machinery is being reviewed to identify assets that need to be written off from the fixed asset register and the property, plant and equipment note, accordingly. We recommend that management continues to review the existence of the assets recognised in the accounts.</p>	<p>Management has implemented changes in the course of 2023/24 that have addressed the previous findings and will use the period of post-audit review to assess whether any further work is required in relation to these findings.</p>

Appendix B – Summary of recommendations

Recommendations (continued)

Issue	Recommendations from prior period that we roll forward into 2023/24	Management response
<p>Financial statements: Plant and machinery useful lives</p>	<p>In our 2022/23 audit, we noted that a large proportion of the plant and machinery gross book value as disclosed in Note 14 for Property, plant and equipment was fully depreciated at the reporting date 31 March 2023 (approximately 50%). This indicated that the useful lives of assets applied in calculating their depreciation might not be up to date and proportionate to the usage of the benefits from those assets, thus we recommended that useful lives are revisited by management on a regular basis.</p> <p>The gross book value of plant and machinery is £257m at 31 March 2024 and the net book value is £99m. The significant gap of £158m is mainly due to fully depreciated assets which have not been derecognised from the gross book value in Note 14.1.</p> <p>As a result of the exercise management performed on assets over 18 years old as discussed on the previous page, management also undertook a review of useful lives over a certain group of assets and concluded that it was still reasonable, however we have not seen a conclusion over the full group of concerned assets. We recommend that this exercise is completed by management to reach a comprehensive conclusion.</p>	<p>Management has implemented changes in the course of 2023/24 that have addressed the previous findings and will use the period of post-audit review to assess whether any further work is required in relation to these findings.</p>
<p>Financial statements: Quality of working papers and audit trail</p>	<p>In our 2022/23 audit, we noted that the quality of working papers, listings and audit trail evidence provided to the audit team was deficient in multiple areas of the audit. This led to a significant number of iterations in the audit process. Some examples included: incomplete listings that did not reconcile with the trial balance, incomplete working papers with missing audit trail, supporting evidence which did not agree with the sampled amount and/or did not address the assertions tested. We recommended additional training to support some key accounting personnel in understanding the audit trail quality requirements.</p> <p>During our 2023/24 audit, we noted improvements in the quality of working papers provided to us. Most workings contained a summary page describing the purpose, reconciliations with accounts, preparers, reviewers.</p> <p>However, we have still encountered difficulties with some reconciliations of listings and quality of primary supporting audit evidence. We will retain this recommendation in the current year to continue improving the quality of evidence provided to us during the audit to 'get it right the first time'. We will discuss this with management in more detail with illustrative examples during a wash-up meeting following completion of our audit.</p>	<p>Management has implemented changes in the course of 2023/24 that have addressed the previous findings and will use the period of post-audit review to assess whether any further work is required in relation to these findings.</p>

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