

East Kent Hospitals University NHS Foundation Trust

Auditor's Annual Report for the year
ended 31 March 2022/23

September 2023



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We are required under Section 21(2A)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting, on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Executive summary



Value for money arrangements and key recommendation(s)

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Trust has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Auditors are required to report their commentary on the Trust's arrangements under specified criteria and 2022/23 is the third year that we have reported our findings in this way. As part of our work, we considered whether there were any risks of significant weakness in the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources. Our conclusions are summarised in the table below.

Criteria	Risk assessment	2022/23 Auditor judgement on arrangements	
Financial sustainability	Unidentified savings / funding gaps and unrealistic assumptions in financial plans that substantially threaten it delivery	R	Significant weaknesses in arrangements for financial sustainability identified and two key recommendations made relating to the deliverability of plans for 2023/24 and achieving longer-term financial sustainability.
Governance	Continued concerns reported by regulators and evidence of improvement resulting from the implementation of integrated improvement plans.	R	Significant weaknesses in governance arrangements identified and two key recommendations made in relation to embedding improvement plans and addressing regulatory actions.
Improving economy, efficiency and effectiveness	Ongoing quality and safety issues with the Trust's maternity and neonatal services.	R	Significant weaknesses in arrangements for improving economy, efficiency and effectiveness and one key recommendations in relation to improving quality, safety and performance of its services.

- No significant weaknesses in arrangements identified or improvement recommendation made.
- No significant weaknesses in arrangements identified, but improvement recommendations made.
- Significant weaknesses in arrangements identified and key recommendations made.

Executive summary (continued)



Financial sustainability

The Trust's financial performance is deteriorating and there are significant risks in delivery of its 2023/24 plan. As yet there isn't a clear medium to longer term plan to make the Trust financially sustainable. Although the Trust Board and Finance Committee have been appropriately sighted on key risks, assumptions and dependencies in relation to the 2023/24 financial plan, there are concerns around the ability to deliver this. At the time of our work in May 2023, the Trust's proposed £40m CIP programme only had c£8m of identified schemes and significant effort will be needed to bridge the remaining gap. The Trust's financial position should also be considered in the context of its quality, operational and workforce challenges, which may result in additional unanticipated expenditure in year.

Due to the significance of these matters we have raised two key recommendations which have been accepted by Management. See page 9 for more detail.



Governance

In 2021/22 we raised a significant weakness in relation to the Trust's governance arrangements on the basis that we were unable to assess whether improvement plans were embedded and whether the Trust could provide an effective response to the then unpublished independent investigation into maternity services.

We maintain our judgement of a significant weakness in arrangements as there is no clear evidence to demonstrate improvement plans are further embedded and having an impact. The Trust has significant cultural issues and while it is investing and developing plans to address this the impact of any improvement cannot yet be seen, as evidenced by staff survey results and continued quality governance concerns. Leadership turnover, the recently reported deterioration of the quality of maternity services and the changes to the Trust's governance structures further indicate that the Trust still has some way to go to address what are deep-rooted issues and any improvement is unlikely to be visible in the short-term.

Due to the significance of these matters we have raised two key recommendations which have been accepted by Management. See page 16 for more detail.



Improving economy, efficiency and effectiveness

The Trust has experienced pressures and performance issues in key services and continued regulatory actions with deteriorating safety and quality performance in its maternity and neonatal services. While playing a more active and leading role in the development of the East Kent Health and Care Partnership and within the wider system, relationships with the Integrated Care Board are challenging due to its quality, safety and performance issues.

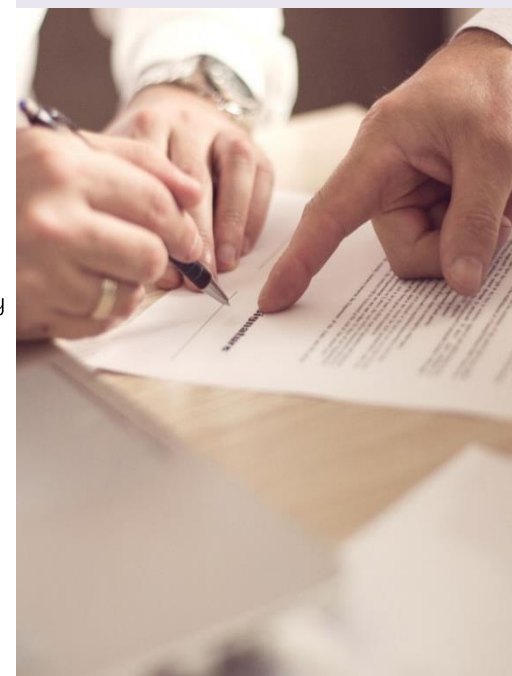
Due to the significance of this matters we have raised a key recommendation which has been accepted by Management. See page 22 for more detail.



Financial Statements opinion

We have completed our audit of your financial statements and issued an unqualified audit opinion on 8 September 2023.

Our findings are set out in further detail on pages 29-30.



Value for money arrangements and key recommendations



Securing economy, efficiency and effectiveness in the Trust's use of resources

All NHS Trusts are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The Trust's responsibilities are set out in Appendix A.

NHS Trusts report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:



Financial Sustainability

Arrangements for ensuring the Trust can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



Governance

Arrangements for ensuring that the Trust makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the Trust makes decisions based on appropriate information.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the Trust delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

In addition to our financial statements audit work, we perform a range of procedures to inform our value for money commentary:

- Review of Board and committee reports
- Regular meetings with Senior officers
- Interviews with other Board members and management
- Attendance at Audit Committee
- Considering the work of Internal Audit
- Reviewing reports from third parties including the Care Quality Commission and correspondence with NHS England
- Consideration of other sources of external evidence such as the NHS National Staff Survey, Healthwatch reports etc
- Reviewing the Trust's Annual Governance Statement and other publications



Our commentary on the Trust's arrangements in each of these three areas, is set out on pages 9 to 27.

The current NHS landscape



National context

As we emerge from the worst of the COVID-19 pandemic, the health and care sector continues to face extreme challenges. The backlog of postponed procedures and operations makes elective recovery a priority. Waiting lists are higher than they have been for a decade and those waiting the longest are often those with additional complexities. There are numerous workforce pressures including retention, recruitment, reducing reliance upon bank and agency staff and having staff with the right skills delivering the right services. The introduction of Integrated Care Systems has changed the NHS Landscape and encouraged greater partnership working not only with other health organisations, but also social care and local authority bodies. Shifting from the Commissioner / Provider model to system working will take time and relies upon the creation of strong and trusted relationships at both a senior and middle management level.

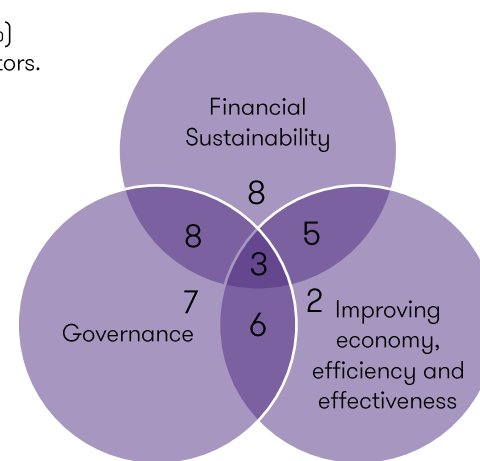
The changes in government leadership, coupled with the cost of living pressures, has meant that 2022/23 is seeing attention returning for grip and control over finances. The block funding seen during the pandemic is shifting to activity based and the regulators are expecting high clinical standards and improvements through savings or productivity to be delivered. Cash balances remained high during the pandemic which have initially allowed non-cash savings to be realised. However, cost savings or productivity improvements will now be required which necessitate wholesale redesign of services and the delivery of savings at a scale not seen for some years. Funding has increased from 2019 levels and yet productivity has not. The scale of transformation required to deliver more for less will take time to deliver.

In 2021/22, the NAO published the Auditor's Annual Report for 204 NHS trusts. Of these, 39 (19%) reported significant weaknesses in their value for money arrangements identified by their auditors. Of these:

- 3 trusts had weaknesses identified in each of the three Code criteria areas compared with 5 in 2020/21
- 19 trusts reported two significant weaknesses compared with 11 in 2020/21
- Financial Sustainability and Governance were the two Code criteria with the greatest number of significant weaknesses identified (24 each across a total of 37 trusts). In 2020/21 Governance was the Code criteria with the greatest number.

Overall, more trusts had significant weaknesses reported in their Auditor's Annual Report. (36 in 2020/21). Whilst Improving economy, efficiency and effectiveness and Governance received a comparable number of reported significant weaknesses, there was an increase in the number of Trusts with significant weaknesses reported for their Financial Sustainability arrangements.

Due to the financial pressures being experienced by the NHS in 2022/23 and the greater focus from Government and Regulators, it is highly likely that this trend will continue.



2021/22 significant weaknesses reported



2020/21 significant weaknesses reported

The current NHS landscape (continued)



Local context

East Kent Hospitals NHS Foundation Trust is a large acute and community hospitals trust, with five hospitals and a number of community clinics serving around 700,000 people in east Kent. The Trust also provides specialist services for a wider population, including renal services in Medway and Maidstone and a cardiac service for all of Kent based at William Harvey Hospital, Ashford.

The Trust is currently working within a very challenging and difficult operating environment. It has continuing and well-publicised quality and safety issues within its maternity and neonatal services. During 2022/23, an independent investigation into these services, the Kirkup review, concluded that there were significant failings in the service which led to avoidable patient harm. Since the review, the Trust was revisited by the Care Quality Commission, with the inspection team concluding that the quality of these services had further deteriorated. These issues pointed to wider cultural, behavioural and leadership issues across the Trust. Alongside these considerable challenges, like most other NHS organisations it also experienced considerable financial, operational, workforce and staffing challenges in 2022/23 as services recover from the pandemic. As a consequence, it is receiving significant support, intervention and scrutiny from NHS England, the local system, patients and the public.

The Trust has been working to address these challenges both on its own, and through partnerships with other organisations locally. It is part of the Kent and Medway Integrated Care System and is working with the Kent and Medway Integrated Care Board, the East Kent Health and Care Partnership and the provider collaborative to improve the quality and performance of its services.

It is within this context that we set out our findings on the Trust's value for money arrangements in 2022/23 and make recommendations to support improvements in its management of value for money in 2023/24.

Financial sustainability and governance



We considered how the Trust:

- identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds them into its plans
- plans to bridge its funding gaps and identify achievable savings
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures 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
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans
- approaches and carries out its annual budget setting process
- ensures effective processes and systems are in place to ensure budgetary control; communicate relevant, accurate and timely management information (including non-financial information); supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships

Overview

We reviewed the Trust's financial sustainability and governance arrangements and have concluded that:

- The Trust's overall financial performance is deteriorating. In 2021/22, the Trust reported a breakeven position. Unaudited accounts for 2022/23 reported a deficit of £19.3m for the financial year against a planned breakeven position
- There are significant risks to delivering the Trust's 2023/24 plan. The Trust has agreed a £72m deficit plan, representing a significant deterioration from the 2022/23 position. We are however satisfied that the arrangements for producing the plan are adequate and the assumptions and the risks have been set out in planning papers and updates presented to the Finance and Performance Committee (FPC) and the Trust Board.
- The Trust does not have yet an agreed plan with system partners to make it financially sustainable in the medium-term.
- Financial plans are aligned to operational, workforce, activity and capital plans but the Trust has removed £18m of high-risk capital schemes to meet its control total.
- The Trust's financial planning documentation demonstrates awareness of key risks to achieving its plans and has been transparently communicated.
- The 2023/24 plan includes a £40m CIP target (c.5.6% of spend). At the time of our review it had identified c£8m of schemes and is therefore a significant risk to the delivery of the financial plan.
- Budget setting, control and reporting arrangements are adequate. Improvements could be made to finance reports to incorporate the system financial performance and position.

Our overarching view is that whilst the Trust has appropriate financial reporting and governance arrangements, the plan agreed for 2023/24 contains a number of risks around CIP delivery. There are currently no set plans in place to ensure it is able to break even and achieve a financially sustainable position in the medium- to long-term.

We therefore identified two significant weaknesses and one improvement recommendation in relation to the Trust's financial sustainability and financial governance arrangements.

Financial sustainability and governance (continued)

Financial outturn 2022/23

2022/23 Performance

The Trust's overall financial performance is deteriorating. In 2021/22, the Trust reported a breakeven position. Unaudited accounts for 2022/23 reported a deficit of £19.3m for the financial year against a planned breakeven position agreed with NHS England (NHS E) in June 2022.

The 2022/23 reported position included £65.2m of non-recurrent support - £43.4m non-recurrent income, non-recurrent cost savings totalling £7.8m and £14m of non-recurrent balance sheet provision releases.

Financial planning

2023/24 financial plan

There are significant risks to delivering the Trust's 2023/24 plan. With the current level of funding and continued operational pressures caused by difficulties with discharging patients and increased demand, the Trust is not able to deliver a balanced financial position. The Trust has agreed a £72m deficit plan, representing a significant deterioration from the 2022/23 outturn. The system planning position reflects the deficit plan agreed with the Trust. Delivery of the system planning control total is dependent on the delivery of the financial plan at the Trust.

The key drivers for the deficit plan are the withdrawal of non-recurrent funding (£43.3m), unfunded cost pressures (£11.2m) and non-recurrent efficiencies from 2022/23 (£10.1m). It also relies on the Trust's ability to deliver a £40m efficiency programme. The Trust is also assuming £72m PDC revenue support to fund the deficit in 2023/24.

The underpinning operational assumptions within the plan are based on six core pillars in order to ensure consistency with the Trust's recovery plan:

1. No major impacts of a winter worse than 2022/23
2. Medical outliers are reduced
3. Theatre capacity is as per current year with no outages
4. Super stranded and no longer fit to reside patients are reduced as capacity is made available in the appropriate care setting outside of hospital
5. Demand for elective services remains at current year levels and does not grow

Financial planning (continued)

6. Plans articulated are based on substantive staff only
7. An ambition to achieve 90% actual utilisation through the Trust' Elective Orthopaedic Centre
8. Further review of the theatre timetable to align the revised activity plan submitted to demands across the specialties.

The delivery of the plan relies on the development and delivery of wider system support and recovery plans agreed with the East Kent Health and Care Partnership, in particular investment into community services, and wider provider collaboration.

While there are significant risks in the delivery of the financial plan, we are satisfied that the arrangements for producing the plan are adequate and the assumptions and the risks have been set out in planning papers and updates presented to the Finance and Performance Committee (FPC) and the Trust Board.

Medium term financial plan

The Trust does not have as yet an agreed plan to make it financially sustainable. The Trust updated its medium-term financial plan (MTFP) in Q1 of 2022/23. The proposed plan was not accepted by the system and NHS E due to the Trust being off plan early in 2022/23. The Trust needs to work with the system and NHS E to agree a route to financial sustainability.

Its stated underlying deficit coming out of 2022/23 is £96m. Plans now needs to be updated to reflect 2022/23 performance and the 2023/24 plan and align system plans and actions and the Trust financial improvement plan. It is understood that a 3-year plan is being developed with the system that will provide a route to financial sustainability over that period.

Due to the deteriorating financial position, significant risks around the delivery of a 2023/24 financial plan, including a significant CIP (see the following section) and the lack of a plan to deliver the Trust's financial sustainability in the medium term we consider this to represent a significant weakness in relation to financial sustainability and financial governance.

Alignment to wider plans

The financial plan is developed alongside the workforce, operational plan and capital plan for 2023/24. The Trust has used the outputs from the triangulation tool to provide additional assurance that consistency exists between operational, workforce and activity elements of the submitted plan.

Financial sustainability and governance (continued)

Alignment to wider plans (continued)

The capital expenditure control total (CDEL) of £25.7m is in the 2023/24 plan submission and for the five years up to 2027/28. The Trust has removed £18m of identified high-risk schemes from its 2023/24 plan to meet the specified control total. Some of these schemes have been deferred at risk into future years, while others remain unfunded against the control total until beyond 2027/28. The high-risk schemes the Trust was unable to include in its capital plan relate largely to critical infrastructure estates works and medical equipment replacement.

Managing risks to financial resilience

The Trust's financial planning documentation demonstrates awareness of key risks to achieving its plans. As part of the reporting on 2023/24 plan, the key financial, operational, capital and working capital risks are detailed with mitigations suggested. These have been appropriately communicated to the FPC.

Based on discussions with the Senior Finance Team and review of key planning documents key risks to delivery of the financial plan at the time of audit are:

- **CIP delivery** – limited progress on the £40m target to date
- **Funding for elective recovery.** Financial plan assumes 104% performance in 2023/24 against target, but for every 1% less there is a c. £1.6m reduction in income. Conversely the Trust hope to deliver 105.9% which will create some upside.
- **Inflation pressures** – the Trust has used 1.8% (national planning assumption) but inflationary cost will be higher.
- **The impact of demand for UEC and number of patients no longer fit to reside** - leading to additional pay costs and impacting on CIP delivery.
- **Delivering recruitment of permanent staff** to avoid the need for agency costs.

Annual savings

2022/23 Savings

The Trust had a £30m CIP target in 2022/23 and delivered £19.7m. The Trust started late in developing CIPs for 2022/23 and operational challenges impacted on delivery. The Financial Improvement Director helped create 2 weekly 'rhythm programme' meetings with Care Groups during 2022/23 to support the delivery of efficiency savings.

2023/24 savings

The 2023/24 plan includes a £40m CIP target (c.5.6% of spend). The submitted plan shows this split as £37.2m of recurrent schemes and £2.8m non-recurrent. Care Group and Corporate teams are supported by the Programme Management Office (PMO) to develop a pipeline of ideas focussed on cross-cutting themes, with a "thinking Outside the Box" group established. Notable areas of focus for the 2023/24 efficiency programme will include high-cost medical agency, low contribution services and productivity through theatres, outpatients, and virtual wards.

Coming into 2023/24 the Trust had identified £4.6m of opportunities, although none of this was RAG rated green (signed off PID, QIA completed). As per the F&PC update to the June Trust Board, we understand ideas/opportunities had increased to c£8m by the 23 May FPC meeting, who provided limited assurance to the board on this issue. At the time of our review there is therefore a significant risk to the delivery of the CIP target.

The Trust is however strengthening arrangements to identify and monitor the delivery of CIPs including:

- Regular oversight of CIP pipeline by Executive Committee
- Increasing focus on CIPs in performance review meetings
- The development of a number of trust wide cross cutting themes championed by Executive Directors
- Roll out of a communications strategy to generate ideas from staff across the Trust;
- Continued embedding of the financial improvement oversight group (FIOG) to oversee the financial improvement efforts across the Trust.

It is also working closely with the ICB efficiency lead and EKHCP to identify system-wide improvement opportunities to support its plans.

While the Trust is putting plans and arrangements in place to improve identification and delivery of CIPs, plans are not sufficiently developed to deliver the £40m requirement in 2023/24 and we consider this to represent a significant weakness in relation to financial sustainability and financial governance.

Financial sustainability and governance (continued)

Budget setting and budgetary control

Budget setting

The budget setting process at the Trust is well-established. As in previous years the budget setting approach is top-down focused, uses the 2022/23 full year effect budget overlaid with service changes, inflation assumptions, CIP, Covid assumptions and other service/non-pay assumptions to get back to agreed 2023/24 plan figures. The process involves engagement with divisional and operational management. Financial planning was also undertaken in collaborative manner with partners across the system and NHS E. Assumptions and methodologies were shared amongst partners to ensure risks and opportunities were understood and assumptions were transparent.

Budgetary control and reporting

Budget and financial reports are produced monthly and shared with care groups and budget holders. A number of groups have been established to support the understanding and challenge of financial performance including clinical leaders' efficiency group, Financial Improvement Oversight Group, Care Group Efficiency meetings, finance and performance committee. The monthly finance report goes to the FPC meeting, and to chief executive management group meeting. Financial metrics and commentary are included in the integrated performance report for the Trust Board. The finance report contains key information on the financial performance of the Trust. A separate efficiencies/CIP report is also reported to the FPC, with RAG ratings and delivery by key schemes.

Finance reports to FPC include limited reporting on the system financial performance and position. Providing this would enable members to be sighted of any emerging system financial risks.

We have raised an improvement recommendation on ensuring financial reporting includes the system financial performance and position.

Follow up of previous recommendations

Our 2021/22 VfM report made improvement recommendations for the development of CIP plans and developing a medium-term financial plan. We have identified these as being significant weaknesses and have key recommendations in 2022/23.

Key recommendations – financial sustainability & governance

Criteria impacted by the significant weakness



Financial Sustainability



Governance

Auditor judgement

Based on the work undertaken, we are not satisfied that the Trust has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources in 2022/23. We have therefore identified a significant weakness in arrangements.

Identified significant weakness in arrangements

The Trust's unaudited accounts and financial plan for 2023/24 indicate a deteriorating financial position and the Trust does not as yet have an agreed medium-term plan with the system to make the Trust financially sustainable.

Whilst the plans for 2023/24 have been agreed and risks are well-understood, there are significant risks to delivering the Trust's 2023/24 plan and should also be considered in the context of its quality, operational and workforce challenges, which may result in additional unanticipated expenditure in year.

Recommendation 1

We recommend a medium-term financial plan for the Trust and wider system is produced to provide assurance that the Trust can achieve underlying financial sustainability in the next 3 years. The plan should:

- be updated with the latest 2023/24 financial plan and assumptions
- set out a clear understanding and agreement of the underlying financial position, and the causes of the underlying position across the Trust and the system
- be aligned with other Trust plans (for example workforce, operational plans and estates) and be aligned with the system medium term financial plan and assumptions;
- be underpinned by a detailed pipeline of financial opportunities over the 3-5 year period.

Management comments

The Trust has started the three year plan covering all of the aspects recommended above and are working with ICB and system colleagues in line with the integrated improvement plan milestones.

Progressing the actions management has identified to address the recommendations made will support the Trust in addressing the weaknesses identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place.

The range of recommendations that external auditors can make is explained in Appendix B.



Key recommendations – financial sustainability & governance (continued)

Criteria impacted by the significant weakness



Financial Sustainability



Governance

Auditor judgement

Based on the work undertaken, we are not satisfied that the Trust has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources in 2022/23. We have therefore identified a significant weakness in arrangements.

Identified significant weakness in arrangements

The Trust has agreed a £72m deficit plan for 2023/24. We note that it is predicated on a number of assumptions and carries a significant level of risk, including delivery of a £40m CIP programme. As of May 2023, only a £8m of schemes had been identified to deliver the savings. There is therefore a significant risk to the delivery of the CIP programme and overall 2023/24 financial plan.

We consider this to represent a risk to the Trust's longer-term financial sustainability – particularly in the context of increasing financial pressures across the NHS.

Recommendation 2


As a priority the Trust needs to develop further its CIP programme and work with system partners to identify wider opportunities to support this and a pipeline of wider transformation opportunities for the medium and longer term.

The programme, once fully developed should be underpinned by robust assumptions, validated by staff delivering the CIPs and triangulated with other supporting plans, for example workforce and activity plans, as well as with system plans. Progress against delivery should be reported to the FPC and the Board, and support provided to services to deliver remedial action as soon as possible, if delivery is off track.

Management comments

The Trust is developing internal and external CIP programmes with its system partners. 13 themes have been identified system wide and the Trust is focusing on key themes examples are workforce, theatre productivity, UEC, subsidiaries and outpatient utilisation

Improvement recommendations – financial sustainability and governance

Criteria impacted	 Financial Governance
Auditor judgement	Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.
Improvement opportunity identified	System financial position and performance is not routinely reported and integrated into the Trust’s financial reporting.
Recommendation 3	The Trust should include an overview of the system financial position and performance in Committee and Board Reports so senior leadership has an understanding of how the Trust’s financial position feeds into that of the system.
Management comments	The Trust is working with its ICB colleagues for the development of this report in time for the reporting structure of the Trust

Progressing the actions management has identified to address the recommendations made will support the Trust in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

Governance



We considered how the Trust:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency
- monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour

Overview

We reviewed the Trust's governance arrangements and have concluded that:

- While risk management and control processes are in place, there was evidence that improvements are needed to ensure they work effectively and are aligned to integrated improvement plans and changes to governance structures.
- Continued turnover of leadership, changes to governance and reporting arrangements, non-delivery of key recovery support actions and challenging relationships across the system indicate that the Trust is still struggling to show progress in delivering sustained improvement in its governance and decision-making processes.
- Evidence of continuing cultural challenges across the Trust, ongoing quality and safety concerns and deterioration in regulatory assessments indicate improvement plans are not embedded and delivering sustained improvement.

Our overarching view is that while the Trust does have arrangements and improvement plans in place there is evidence to indicate these not embedded and not delivering sustained improvement.

We therefore identified two significant weaknesses and two improvement recommendations in relation to the Trust's governance arrangements.



The Board Assurance Framework (BAF)

- The BAF brings together in one place all of the relevant information on the risks to the board's strategic objectives
- They should remain a live document and drive strategic risk management across the Trust and in Board agendas
- Assurances in place and gaps in controls should be mapped to each risk, drawing on many sources of information including internal audit and external regulators
- Using a scoring matrix, risks can be assessed to allow greater scrutiny to those most significant
- We have assessed that with too many strategic objectives or too many risks, it is difficult to maintain a meaningful BAF

Governance (continued)

Risk management and internal control

The Trust has an established framework to manage its strategic and corporate risks which is supported by an effective Internal Audit and LCFS function. While risk management and control processes are in place there was evidence that improvements are needed to ensure they are working effectively and aligned to integrated improvement plans and changes to governance structures. We also noted IA and LCFS identified a number of areas where controls could be improved.

Strategic and corporate risk management

The Trust manages strategic risk through its Board Assurance Framework (BAF). This is a live document that articulates the Trust's strategic risks, links them to the strategic goals, identifies risk scores gaps in assurance, score movement, actions and owner commentary. It also assigns an Executive owner and a responsible committee. The Trust uses a risk management software called 4risk to record and manage its exposure to risk. However, the current Risk Management Strategy is out of date and the risk appetite of the Trust does not align to the amount of risk the Board is willing to tolerate to achieve its goals. The Trust is currently producing a new Risk Management Strategy to be approved by the Board.

There are ongoing discussions around the effectiveness of the BAF. None of the risks on the BAF as of April 2023 have been mitigated to the target level. It has been recommended by the NHSE Improvement Director assisting the Trust that the BAF is refreshed in line with the Integrated Improvement Plan (IIP). A risk management workplan was presented to the Audit Committee setting out plans to address this.

The Trust is also moving to a new site-based governance structure which will require robust and clear risk management processes to support this.

Internal controls

Internal Audit (IA) and Local Counter Fraud (LCFS) functions are provided to the Trust by RSM. The IA plan is developed based on the Trust's corporate objectives, risk profile and assurance framework. The draft head of internal audit opinion states the Trust has an adequate and effective framework for risk management, governance and internal control.

We noted that IA were only able to provide partial assurance on 7 of its reviews it undertook doing the year. Furthermore, LCFS identified weaknesses in the arrangements for declaring interests and gifts and hospitality.

We have raised an improvement recommendations on the Trust's risk management arrangements and gifts and hospitality declarations.

Informed decision making

Continued turnover of leadership, changes to governance and reporting arrangements, non-delivery of key recovery support actions and continued challenging relationships across the system indicate that the Trust is still struggling to show progress in delivering sustained improvement in its governance and decision-making processes.

Leadership of Those Charged with Governance

The Trust has processes and procedures in place to ensure information is available to the key decision-makers, including the Committees and the Board.

There has been significant turnover at Board level at the Trust – both executive and non-executive - over the last few years. At the time of audit, a number of executive posts remain vacant or filled by interim management.

The Integrated Audit and Governance Committee (IACG) is in place; however, its effectiveness and ability to ensure the Trust has appropriate accountability and assurance frameworks in place has been impacted by the leadership turnover.

There is an acknowledgement that there is a need for the Board to stabilise before it will fully be able to effectively demonstrate it is acting as a unitary board and provide a consistent 'tone from the top'.

Corporate governance and decision-making

The Trust has recognised that its governance arrangements in 2022/23 needed improvement to make them effective. In 2023/24 it initiated a move towards a more hospital/site governance structure. Although this has been implemented in principle, this will take time to embed and demonstrate that the revised arrangements are working effectively.

The Trust's IIP has been developed to co-ordinate all improvement plans, including recovery support actions, which clearly states 6 programmes, one of which is leadership and governance.

Each programme details its objective, the projects that will contribute to these objectives, success measures, project leads, milestones and dates and clearly links to SOF 4 exit criteria. The Board receive a regulatory improvement tracker, providing an update on progress against the recovery support programme action plan and maternity operational plan. While the Trust has arrangements in place for delivering and monitoring its IIP, it has been unable to demonstrate that the actions have led to improvement and there has been little movement on the recovery support actions which are key to demonstrate movement out of SOF 4.

We consider that the inability to demonstrate improvement plans and changes to governance structures are embedded and delivering changes as a significant weakness in relation to governance arrangements.

Governance (continued)



NHS Leadership

- Leadership plays a key role in shaping the culture of an NHS organisation
- NHS leaders are facing considerable challenges, including significant financial and operational pressures and high levels of regulation
- This is reflected in high vacancy rates and short tenures among senior leaders that risk undermining organisational culture and performance
- Many of the recent NHS failures have come from poor leadership. This may be a focus on one aspect of delivery at the expense of another, e.g. prioritising financial performance over clinical care
- Senior leadership should welcome honesty in their assurances, creating an environment where staff can be open and flag risks
- Boards should remain alert to the question, “could we have a problem and how do we know we don’t”?

Standards and behaviours

There is evidence of continued challenges on leadership and culture across the Trust and a deterioration in addressing regulatory actions and conditions.

While the Trust have arrangements in place to ensure compliance and monitor policies standards, culture and behavioural issues continue to undermine progress and improvement. There are clear plans and investment has been made to address the cultural issues at the Trust but these are deep-rooted and improvements will take some time to be realised. This is a consistent issue raised within staff survey results and the 269% increase in Freedom To Speak Up concerns during 2022/23.

Regulatory and legislative actions

The recent CQC inspection report into maternity services show that both sites are now rated as inadequate for maternity services. This shows a deterioration in the quality of care being provided and embedded further improvements are required. This follows on from the failings highlighted in the Kirkup report.

NHS England are providing intensive support to the Trust and is supporting plans for its culture and leadership programme. The Trust therefore remains in breach of its provider licence. It is continuing to struggle with showing the impact of its improvement plans with quality and safety concerns across a number of services.

We consider continued concerns over leadership and culture and inability to address regulatory actions and deliver improvement in services as a significant weakness in relation to governance arrangements.


Follow up of previous recommendations

Our VfM report for 2021/22 recommended that The Trust should ensure that:

- Improvements are made to risk management processes around tracking mitigating actions – this remains an issue and has again been highlighted as an improvement recommendation
- Delivering improvement in cultural issues identified at the Trust – this remains a weakness and key recommendations have been again made
- Delivery of actions within the Trust improvement plan – this again remains a weakness and key recommendations have been again been made.



Key recommendations - Governance

Criteria impacted by the significant weakness	 Governance
Auditor judgement	Based on the work undertaken, we are not satisfied that the Trust has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources in 2022/23. We have therefore identified a significant weakness in arrangements.
Identified significant weakness in arrangements	The Trust is unable to demonstrate that actions outlined in its integrated improvement plan and that changes to its governance structures are embedded and delivering required changes.
Recommendation 4	Review and further develop actions within its integrated improvement plan both within the Trust and wider system partners to ensure that they are supported, embedded within the organisation and deliver the impact needed to enable the Trust to demonstrate progress.
Management comments	The Trust has a full governance structure to monitor the progress of the integrated improvement plan and reports bi-weekly to the Strategic Improvement Committee and monthly to the board. The committee and board have representatives from the Trusts intensive support team.

The range of recommendations that external auditors can make is explained in Appendix B.



Progressing the actions management has identified to address the recommendations made will support the Trust in addressing the weaknesses identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place.

Key recommendations – Governance (continued)

Criteria impacted by the significant weakness



Governance

Auditor judgement

Based on the work undertaken, we are not satisfied that the Trust has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources in 2022/23. We have therefore identified a significant weakness in arrangements.

Identified significant weakness in arrangements

The Trust continues to have significant leadership and cultural issues and regulatory challenges and actions against its services

Recommendation 5

The Trust should ensure that culture development programmes are continued to be a high priority for the Trust, that it is embedded and its impact measured to demonstrate progress is being made.

Alongside this, it should continue to work closely with regulators and system partners to ensure plans and actions to address regulatory notices are delivered.

Management comments


The Trust has taken action from the reading the signals report to launch a culture and leadership programme as part of our improvement programme. The aim is to have a positive working culture and every person who works for us has a great experience of working here each and every day


The range of recommendations that external auditors can make is explained in Appendix B.



Progressing the actions management has identified to address the recommendations made will support the Trust in addressing the weaknesses identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place.

Improvement recommendations - Governance

Criteria impacted	 Governance
Auditor judgement	Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.
Improvement opportunity identified	The Trust has undergone a number of changes in year, including approval and ongoing delivery of integrated improvement plans and transition to a new governance structures. Its risk management strategy and processes are not currently reflective of these changes.
Recommendation 6	The Trust should update its risk management arrangements and framework to ensure the strategy is updated and processes are aligned to improvement plans and governance structures
Management comments	The Trust is currently reviewing its risk management arrangements and framework to ensure that there is alignment with the revised organisational and governance structure, this will inform the development of the Trust risk management strategy and risk appetite statement

Criteria impacted	 Governance
Auditor judgement	Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.
Improvement opportunity identified	The Trust's Internal Audit functions highlighted weaknesses in the recording of gifts and hospitality,
Recommendation 7	Ensure gifts and hospitality arrangements are improved in line with the internal audit recommendations and good practice.
Management comments	The Trust has engaged with RSM to undertake a proactive exercise in 2023/24 on recording of gifts and hospitality

Progressing the actions management has identified to address the recommendations made will support the Trust in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

Improving economy, efficiency and effectiveness



We considered how the NHS Trust:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives
- where it commissions or procures services assesses whether it is realising the expected benefits

Overview

We reviewed the Trust's arrangements for improving economy, efficiency and effectiveness and have concluded that:

- The Board regularly receives an integrated performance report (IPR) to monitor performance, quality and safety
- The Trust has experienced pressures and poor performance in relation to Urgent and Emergency Care (UEC), Elective Recovery and Cancer 62-day GP referral to treatment waiting times and while plans are in place, it is unable to demonstrate sustained and consistent improvement in its performance.
- While the Trust has detailed plans and arrangements in place to improve its maternity and neonatal services, the issues raised by the Kirkup review and continued regulatory concerns, including section 31 notices, indicate that actions are not embedded and delivering the changes needed at pace.
- The Trust is increasingly taking a more collaborative and leading role within the development of the East Kent Health and Care partnership, wider integrated care system and the provider collaborative but relationships with the ICB are challenging due to the quality, safety and performance issues at the Trust.
- Continued poor ratings in the staff survey indicate improvement recommendations made in 2022/23 to improve staff engagement need to be retained.

Our overarching view is that while the Trust does have arrangements and improvement plans in place there is evidence to indicate these are not embedded and not delivering sustained improvement.

We therefore identified one significant weaknesses and one improvement recommendation in relation to the Trust's arrangements.



Improving economy, efficiency and effectiveness (continued)

Assessing performance and identifying improvement

Performance reporting

The Board regularly receives an integrated performance report (IPR) which includes a summary dashboard and supporting narrative, focusing on exception reporting. Additional information and analysis is provided on key areas of challenge.

The IPR is presented to the Board. Statistical Process Control (SPC) and Benchmarking are incorporated into reports showing performance against other providers across key 'true north' key metrics - people, patients, future, sustainability and quality and safety. The report details planned interventions in response to performance of these metrics. The IPR includes detailed commentary on performance as well as risks and mitigation actions. Breakthrough objectives and targets are also set each year on key themes to focus rapid improvement. Watch metrics have been identified where performance issues are evident and can be monitored and discussed. The report identifies the executive leads for each of the areas.

Operational and quality performance

The Trust has experienced pressures and poor performance in relation to Urgent and Emergency Care (UEC), Elective Recovery and Cancer 62-day GP referral to treatment waiting times and has continuing quality and safety issues with its Maternity and Neonatal services.

Review of the Trust's internal performance reporting (see opposite) and our own benchmarking data have identified UEC, Elective Recovery and Cancer 62-day waits as three key areas of challenge for the Trust. Whilst some progress has been made on key targets, in particular Cancer 2 week waits which shows consistently good performance, the Trust is however unable to demonstrate

sustained improvement and progress in the performance of some of its key services.

The Trust has well-known long-standing quality and safety issues with its maternity services. The Kirkup review summarised the independent investigation into maternity and neonatal services and was published in October 2022. It highlighted significant concerns and failings in the standard of these services at the Trust and highlighted weaknesses and issues in safety monitoring, behaviour and organisational culture. The Trust's response included :

- The pillars of changes and assurance framework - 3 year Transformation programme which covers the key areas for action in the report;
- Rollout of NHSEs culture and leadership programme throughout the Trust;
- Establishing an Oversight Group to ensuring engagement with service users, representatives include patients and families as well as Council of Governors; and
- Establishing an independent case review process.

CQC recently published its report into its unannounced inspection of maternity services carried out in January 2023. The inspection indicated services had deteriorated with both units rated inadequate and section 31 notices were served which places conditions on the Trust's licence to provide healthcare and identifies areas where urgent action is required. The Trust's Maternity and Neonatal Assurance Group provide the board with an update on the work undertaken which includes updates on CQC section 31 notices. Weekly quality rounds are now reported in the dashboard to share the ongoing improvements being made aligned to the issues highlighted within the CQC section 31 notices.

Indicator	Target	M11 2021/2	M11 2022/23
A&E waiting times less than 4 hours	>95%	69.8%	67.3%
RTT – patients waiting over 78 weeks	0	682	197
RTT – patients waiting over 52 weeks	N/A	3,674	3,187
Cancer – 2ww, all urgent	>93%	95.1%	96.3%
Cancer – 62-day GP referral to treatment	>85%	62%	65.5%

Source: Trust IPR, 2022/23 M11

Improving economy, efficiency and effectiveness (continued)



Workforce pressures

There are significant workforce challenges across all roles and all regions. Many bodies are reporting that the recruitment and retention of skilled and experienced staff is their greatest risk.

How the NHS found itself in this position is a complex picture; a perfect storm.

- **Historic understaffing:** inadequate workforce planning with insufficient funding and infrastructure
- **Declining wellbeing:** delivering care amid persistent staff shortages with agency staff and normalised increased workloads
- **Early retirements:** staff choosing to retire earlier than planned has reduced both capacity and experience
- **Poor retention:** greater workloads and stressful working conditions have increased attrition
- **Pay pressures:** recent strike action has highlighted the level of feeling from NHS workers

Assessing performance and identifying improvement (continued)

While the Trust has in place plans to improve the performance of its services, the continued regulatory concerns over the safety of its Maternity and Neonatal services and the lack of demonstrable improvement in both the quality and performance of its services indicate that actions are not embedded and consider this to be as a significant weakness in the Trust's arrangements in relation to securing economy, efficiency and effectiveness of

Partnership working

The Trust is increasingly collaborating with the local and wider system. It provides a key role in the East Kent Health and Care Partnership. Partnership members are also attending Trust Board. Discussions have been strategic and developmental in nature, focusing on collaboration between partners to deliver local place priorities, and addressing the transition towards devolution of ICB responsibilities. Early work has commenced with system partners regarding demand management, pathway design, and on waiting times for first outpatient appointments. There is also evidence of joint working on recruitment which is having a positive impact on the vacancy rates.

The Trust is also working more widely with the ICB and system partners, including the provider collaborative. The Chief Executive also leads across the system on elective recovery. Responses to the Kirkup report and the IIP have been discussed and approved by the ICB. Due to the continuing safety and quality issues at the Trust, relationships are challenging and the ICB has issued multiple warnings and continues to meet regularly to discuss actions being taken.

Commissioning and procurement

Procurement arrangements

The Trust has 2 wholly owned subsidiaries – Spencer Hospitals that provides private patient activity and 2gether which provides hard and soft FM services. The Trust closely monitors the performance of its subsidiary companies at Board level. No issues have arisen with 2gether solutions or Spencer Hospital from a VFM perspective over the last year. We note that the Trust is working with its subsidiaries to improve its oversight.

Monitoring of projects and programmes

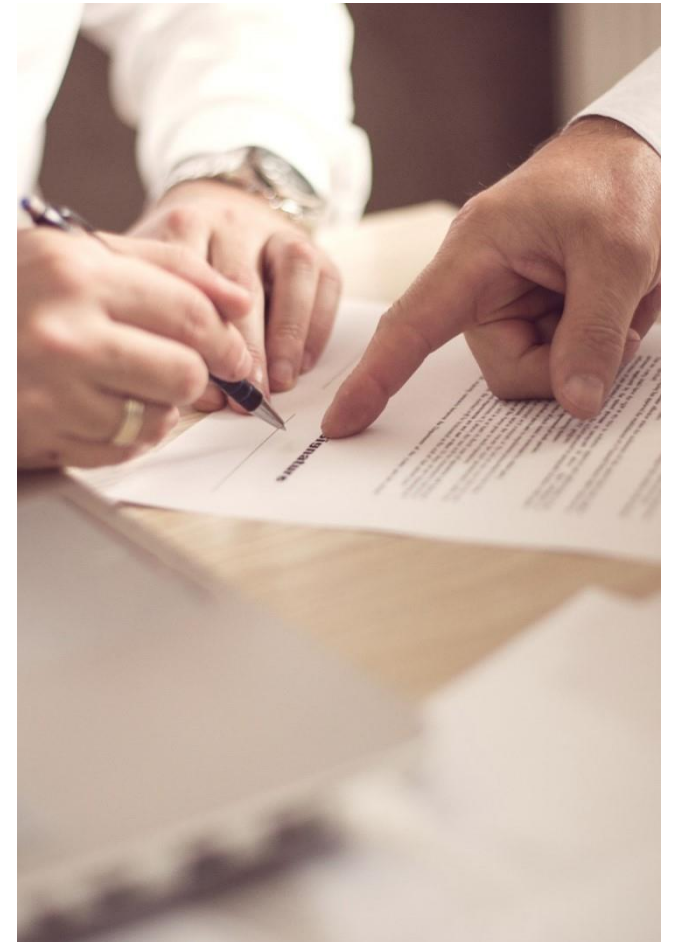
The Trust has a Strategic Investment Group where significant capital projects and spending is reported and reviewed. The FPC also track progress on the capital plan on a quarterly basis




Improving economy, efficiency and effectiveness (continued)

Follow up to previous recommendations

In 2021/22 on the back of the continuing poor staff survey results we recommended further actions were required to improve staff engagement at the Trust. We noted that the staff survey results in 2022/23 remained consistently poor and are therefore are making this improvement recommendation again.



Key recommendations – economy, efficiency and effectiveness


Criteria impacted by the significant weakness	 Economy, efficiency and effectiveness
Auditor judgement	Based on the work undertaken, we are not satisfied that the Trust has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources in 2022/23. We have therefore identified a significant weakness in arrangements.
Identified significant weakness in arrangements	The Trust has significant, well-documented and well-publicised challenges in relation to its operational performance, which include quality and safety concerns highlighted by the regulator. To date, the Trust has had difficulties achieving sustained improvement in the areas of difficulty.
Recommendation 8	Working with system partners, ensure plans to improve the quality, safety and overall performance of the Trust’s services are reviewed, developed, monitored and supported to ensure that these are having direct impact on their operation.
Management comments	[to be provided]

The range of recommendations that external auditors can make is explained in Appendix B.



Progressing the actions management has identified to address the recommendations made will support the Trust in addressing the weaknesses identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place.

Improvement recommendations – economy, efficiency and effectiveness

Criteria impacted	 Economy, efficiency and effectiveness
Auditor judgement	Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.
Improvement opportunity identified	Many of the Trust’s quality and safety challenges have been, in part, attributable to its culture, as well as difficulty attracting and retaining staff. Lack of appropriate progress in these areas and negative impact on staff engagement and morale is demonstrated by continuing poor staff survey results
Recommendation 9	The Trust should ensure further progress to improve staff engagement arrangements is made at pace, and plans are in place to address continued concerns raised from the staff survey.
Management comments	The Trust has taken action from the reading the signals report to launch a culture and leadership programme as part of our improvement programme. The aim is to have a positive working culture and every person who works for us has a great experience of working here each and every day. As part of the programme the Trust has launch ‘three things’ which aims for all areas of the Trust to change three things in line with the staff survey.

Progressing the actions management has identified to address the recommendations made will support the Trust in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

Opinion on financial statements



Opinion on the financial statements



Grant Thornton provides an independent opinion on whether the Trust's financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2023 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with international accounting standards as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2022-23; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

We conducted our audit in accordance with:

- International Standards on Auditing (UK);
- the Code of Audit Practice (2020) published by the National Audit Office; and
- applicable law.

We are independent of the Trust in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

Audit opinion on the financial statements

We issued an unqualified opinion on the Trust's financial statements on 8 September 2023.

The full opinion is included in the Trust's Annual Report for 2022/23, which can be obtained from the Trust's website.

Further information on our audit of the financial statements is set out overleaf.



Opinion on the financial statements



Preparation of the accounts

The Trust provided draft accounts in line with the national deadline.

Key findings

The Trust has a sale and leaseback agreement with its wholly owned subsidiary, 2gether Support Solutions Ltd. The Trust's financial statements therefore include both balances for the assets it continues to own and those leased under the agreement. We identified that when assets were revalued these valuation movements were not being appropriately apportioned between the Trust's leased and owned assets. The accounts were amended prior to giving our opinion.

We identified a number of other issues which required amendments to the disclosure notes in the financial statements.

We did not identify any issues requiring a change to the Group/Trust reported operating deficit for the year.

Audit Findings Report

We report the detailed findings from our audit in our Audit Findings Report.

A final version of our report was presented to the Trust's Integrated Audit and Governance Committee on 6 September 2023. Requests for this report should be directed to the Trust.

Whole of Government Accounts

To support the audit of Consolidated NHS Provider Accounts, the Department of Health and Social Care (DHSC) group accounts and the Whole of Government Accounts we are required to report on the consistency of the Trust's consolidation schedules submitted to DHSC with the audited financial statements.

Our work did not identify any significant issues.



Appendices

Appendix A: Responsibilities of the Foundation Trust

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The directors of the Trust are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are required to comply with the Department of Health & Social Care Group Accounting Manual and prepare the financial statements on a going concern basis, unless the Trust is informed of the intention for dissolution without transfer of services or function to another entity. An organisation prepares accounts as a 'going concern' when it can reasonably expect to continue to function for the foreseeable future, usually regarded as at least the next 12 months.

The Trust is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



Appendix B:

An explanatory note on recommendations

A range of different recommendations can be raised by the Trust’s auditors as follows:

Type of recommendation	Background	Raised within this report	Page reference(s)
Statutory	Written recommendations to the Trust under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No	
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Trust. We have defined these recommendations as ‘key recommendations’.	Yes	13,19 & 26
Improvement	These recommendations, if implemented should improve the arrangements in place at the Trust, but are not a result of identifying significant weaknesses in the Trust’s arrangements.	Yes	15, 21 & 27

