



Wrightington, Wigan and Leigh Teaching Hospitals NHS Foundation Trust

Auditor's Annual Report 2020/21

13 September 2021

Contents

Auditor's Annual Report

Key messages	3
Purpose of the report	4
Assurance sources for the Trust	5
Opinion on the financial statements	6
Our financial statement audit approach	7
Financial statement audit significant risks	8
Our approach to VfM arrangements	10
VfM commentary:	
• Financial sustainability	11
• Governance	13
• Improving economy, efficiency and effectiveness	15

Appendices

Responsibility statement	16
Trust's responsibilities	17
Auditor's responsibilities	18

Key Messages

Audit opinion on the financial statements

We issued an unqualified opinion on the Trust's financial statements on 15 June 2021.

The Trust's arrangements to secure Value for Money

Financial Sustainability

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

- The Trust recognised a deficit on the provision of services for the year ended 31 March 2021 of £12,610k which included net impairments to PPE of £6,504k and new provisions of £4,036k (2019/20: surplus of £8,202k including a gain on transfer by absorption £7,913k and net impairments of £2,865k).
 - In a normal year the Trust has a thorough annual financial planning and forecasting process, however this process has been more limited in the current year due to the changes to the process made by NHS Improvement/NHS England as a response to the impact of Covid-19. The Trust set out a operational plan for 20/21 as well a long-term strategy covering until 2030.
 - The Trust reports its financial position on a monthly basis which includes an analysis of the actual expenditure incurred compared to budget.
-

Governance

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

- The Trust has in place a Risk Management Strategy, which incorporates a Risk Management Group which is responsible for the monitoring of risks throughout the Trust and reporting to the Audit Committee, which then reports to the Board of Directors on a regular basis.
 - The Trust has an established Board governance framework that supports the implementation of this strategy. The Board of Directors is accountable for the delivery of this risk management strategy. This accountability is underpinned by an assurance sub-structure. The delivery of elements of the strategy is supported by an inter-related sub-committee infrastructure. The sub-committees have a range of responsibilities and specialist support functions.
 - The Trust's response to the Covid-19 pandemic has included changes to its approval and monitoring arrangements.
-

Improving economy, efficiency and effectiveness

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

- The Trust assesses its performance regularly through Board meetings in which a balanced scorecard of performance is reviewed. This balanced scorecard reviews performance against Quality & Safety, People, Activity & Effectiveness and Financial metrics. This ensured a wide range of financial and non-financial metrics were considered in combination to fully understand the Trust's position.
-

Purpose of this report

Our Auditor's Annual Report sets out the key findings arising from the work we have carried out at Wrightington, Wigan and Leigh Teaching Hospitals NHS Foundation Trust ("the Trust") for the year ended 31 March 2021.

This report is intended to bring together the results of our work over the year at the Trust, including commentary on the Trust's arrangements to secure economy, efficiency and effectiveness in the use of resources ("Value for Money", "VfM"). This report fulfils the requirements of the Accounts and Audit Regulations for an Annual Audit Letter.

In preparing this report, we have followed the National Audit Office's ("NAO") Code of Audit Practice and its Auditor Guidance Note ("AGN") 03, Value for Money, and AGN 07, Auditor Reporting. These are available from the NAO website.

A key element of this report is our commentary on the Trust's arrangements to secure economy, efficiency and effectiveness in the use of resources. Our work considering these arrangements is based on our assessment of the adequacy of the arrangements the Trust has put in place, based on our risk assessment. The commentary does not consider the adequacy of every arrangement the Trust has in place, nor is it intended to provide positive assurance that the Trust is delivering or represents value for money.

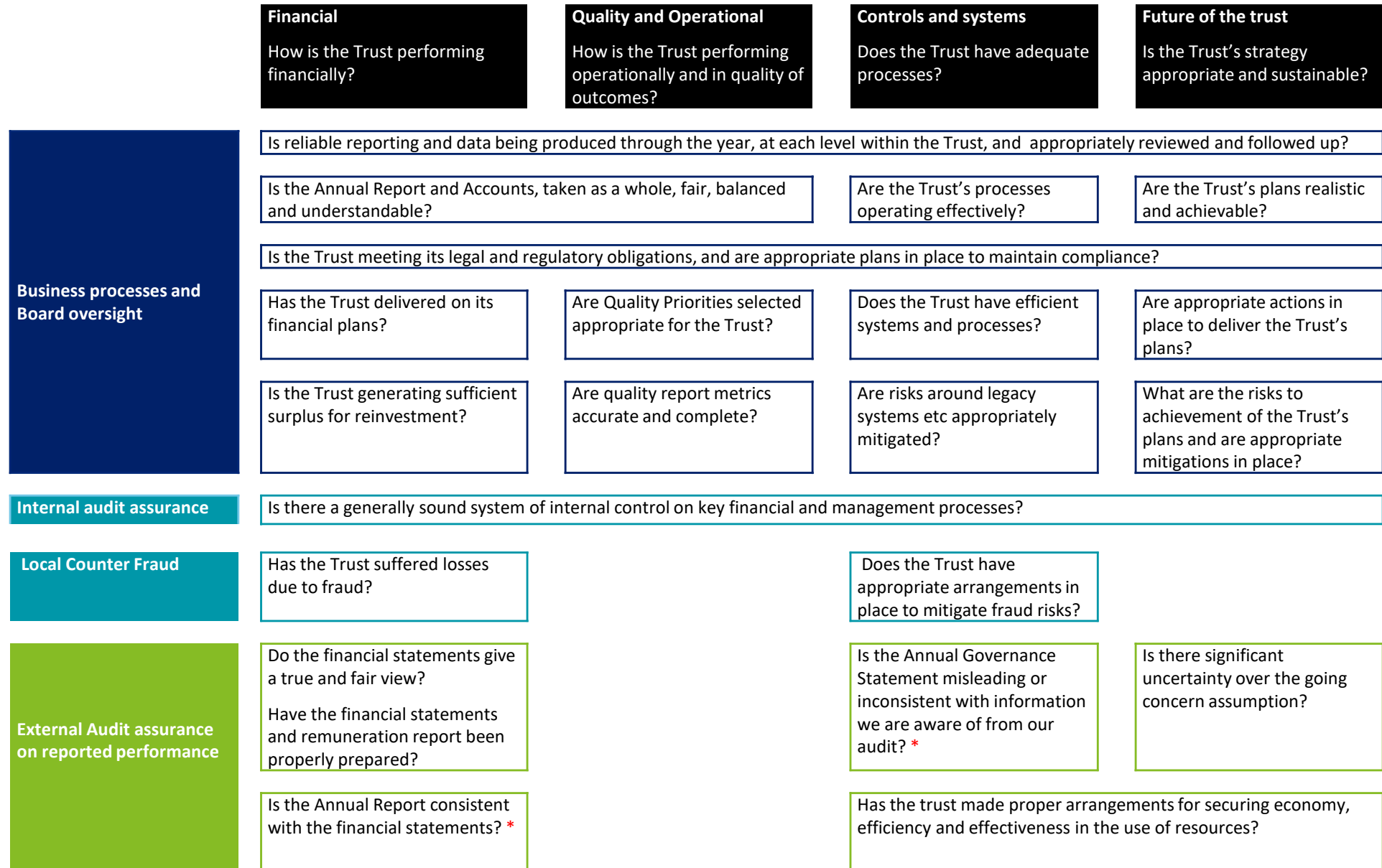
Where we identify recommendations, we indicate whether these are:

- Recommendations in respect of significant weaknesses in the Trust's VfM arrangements, which we are required to make in accordance with paragraph 54 of AGN 03 where we identify a significant weakness, or
- Other recommendations, which we have indicate as "Deloitte Insights".

We have not identified any significant weaknesses in the Trust's VfM arrangements, and so have not reported any recommendations in respect of significant weaknesses.

Assurance sources for the Trust

The diagram below illustrates how the assurances provided by external audit around finance, quality, controls and systems and the future of the Trust (in the green rows) and how this fits with some of the other assurances available over the Trust's position and performance.



* The scope of external audit in this area is "negative assurance" of reporting by exception of issues identified.

Opinion on the financial statements

We provide an independent opinion whether the Trust's financial statements:

- Give a true and fair view of the financial position of the Trust as at 31 March 2021 and of its income and expenditure for the year then ended;
- Have been properly prepared in accordance with the accounting policies directed by NHS Improvement; and
- Have been prepared in accordance with the requirements of the National Health Service Act 2006.

The full opinion and certificate are included in the Trust's Annual Report and Accounts, which can be obtained from the Trust's website.

We conduct our audit in accordance with the NAO's Code of Audit Practice, International Standards on Auditing (UK) ("ISAs (UK)") 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 15 June 2021. We did not identify any matters where, in our opinion, proper practices had not been observed in the compilation of the financial statements.

Remuneration and Staff Report: We reported that the parts of the Remuneration and Staff Report subject to audit have been properly prepared in accordance with the National Health Service Act 2006.

Annual Governance Statement: We did not identify any matters where, in our opinion, the Annual Governance Statement did not meet the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual, was misleading, or was inconsistent with information of which we are aware from our audit.

Annual Report: We reported that the information given in the Performance Report and Accountability Report for the year ended 31 March 2021 is consistent with the financial statements.

Reports in the public interest and reports to NHS Improvement: We did not exercise any of our additional reporting powers in respect of the year ended 31 March 2021.

Reporting to the group auditor: In line with the group audit instructions issued by the NAO, we reported on 30 June 2021 that the Trust's consolidation schedules that feed into the Consolidated NHS Provider Account and Department of Health and Social Care's group accounts were consistent with the audited financial statements.

Audit Certificate [We certified completion of the audit on XX September 2021, following completion of our responsibilities in respect of the audit for the year ended 31 March 2021.]

Our financial statement audit approach

An overview of the scope of the audit

Our audit was scoped by obtaining an understanding of the Trust and the environment it operates in, including internal control, and assessing the risks of material misstatement to the financial statements. Our risk assessment procedures include considering the size, composition and qualitative factors relating to account balances, classes of transactions and disclosures. This enables us to determine the scope of further audit procedures to address identified risks of material misstatement.

Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team, led by the audit director, Paul Hewitson. The audit team included integrated Deloitte specialists bringing specific skills and experience in property valuation.

Materiality

Our work is planned and performed to detect material misstatements. We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the Trust to be £9.1m (2019/20: £7.9m), on the basis of 2% of revenue.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £300k as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Procedures for auditing the Trust's financial statements

Our audit of the Trust's financial statements included:

- developing an understanding of the Trust, including its systems, processes, risks, challenges and opportunities and then using this understanding to focus audit procedures on areas where we consider there to be a higher risk of misstatement in the Trust's financial statements;
 - interviewing members of the Trust's management team and reviewing documentation to test the design and implementation of the Trust's internal controls in certain key areas relevant to the financial statements;
 - performing sample tests on balances in the Trust's financial statements to supporting documentary evidence, as well as other analytical procedures, to test the validity, accuracy and completeness of those balances; and
 - data analytic techniques which were used as part of audit testing, in particular for journal testing.
-

Approach to audit risks

We focused our work on areas where we considered there to be a higher risk of misstatement. We refer to these areas as significant audit risks.

We provided a detailed audit plan to the Trust's Audit Committee setting out what we considered to be the significant audit risks for the Trust, together with our planned approach to addressing those risks. We have provided a summary of each of the significant audit risks on the following pages.

We have made recommendations in our Audit Committee reporting to management for improvement in the Trust's policies, procedures and internal controls based on observations from our work. However, we do not consider these recommendations to reflect significant weaknesses in the Trust's VfM arrangements.

Financial statement audit significant risks

Management override of controls

Risk identified In accordance with ISA 240 (UK) management override is a significant risk. This risk area includes the potential for management to use their judgement to influence the financial statements as well as the potential to override the Trust's controls for specific transactions.

We consider that in the current year there is a risk across the NHS that management may override controls to fraudulently manipulate the financial statements or accounting judgements or estimates.

In previous years, this has been to meet or exceed control totals – however, in light of the increased funding in the current year, we have also considered the potential incentives to recognise excess liabilities in the current year.

Note 1.4 to the financial statements details the Critical Accounting Judgements and Key Sources of Estimation Uncertainty identified by management.

Deloitte response

Manipulation of accounting estimates

In line with the new auditing standards we have reviewed the accounting estimates for biases that could result in material misstatements due to fraud.

Manipulation of journal entries

We tested the design and implementation of controls over journals.

We used data analytic techniques to select journals for testing with characteristics indicative of potential manipulation of reporting through entries recorded in the general ledger or other adjustments made in the preparation of the financial reporting.

We traced the journals to supporting documentation, considered whether they had been appropriately approved, and evaluated the accounting rationale for the posting. We evaluated individually and in aggregate whether the journals tested were indicative of fraud or bias.

Accounting for significant or unusual transactions

We considered whether any transactions identified in the year required specific consideration and did not identify any requiring additional procedures to address this key audit matter.

Key observations

It was noted from our work that the system does not prevent users from authorising their own journals. A manual process has been implemented to review for any self-authorised journals but we have raised an insight for the Trust to consider a system update to prevent self-authorised journals from being processed.

From our testing of accruals we identified two accruals which did not meet the requirements under the accounting standard to be recognised as a liability in 2020/21. Management undertook a review of the remaining accruals balance to identify any similar balanced and following additional testing we identified a misstatement of £3.2m.

Financial statement audit significant risks (continued)

Accounting for capital expenditure

Risk identified The Trust has an extensive capital programme, with spend for the year of £35.7m. Due to the impact of the Covid-19 pandemic on Trust operations there has been delays in delivery of the capital budget and with the increased level of expenditure and the higher level of capital budgets available in the current year there is an increased risk of amounts being incorrectly capitalised, or of incorrect recognition in the current period.

This has been identified as a new significant risk for 2020/21 given the increased level, and profile, of expenditure in the year.

Deloitte response In considering this risk, we performed the following audit procedures that directly address the risk:

- We tested the design and implementation of controls around the capitalisation of costs; and
- We tested spending on a sample basis to confirm that it complies with the relevant accounting requirements.

Key observations From our testing we did not identified any issues with the Trust accounting for capital expenditure in year.

Auditor's work on Value for Money (VfM) arrangements

The Accounting Officer and the Board are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the use of 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 Accounting Officer reports on the Trust's arrangements, and the effectiveness with which the arrangements are operating as part of their annual governance statement.

Under the National Health Service Act 2006, we are required to be satisfied whether the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Under the National Audit Office's Auditor Guidance Note 3, we are required to assess arrangements under three areas:

Financial Sustainability	<i>How the body plans and manages its resources to ensure it can continue to deliver its services</i>
Governance	<i>How the body ensures that it makes informed decisions and properly manages its risks</i>
Improving economy, efficiency and effectiveness	<i>How the body uses information about its costs and performance to improve the way it manages and delivers its services</i>

In this report, we set out the findings from the work we have undertaken. Where we have found significant weaknesses in arrangements, we are required to make recommendations so that the Trust can consider them and set out how it plans to make improvements. We have not identified any significant weaknesses in arrangements.

In planning and performing our work, we consider the arrangements that we expect bodies to have in place, and potential indicators of risks of significant weaknesses in those arrangements. As a result of the Covid-19 pandemic, there have been changes in nationally led processes, changes in expectations around Trust's arrangements, and events occurring outside of the Trust's control, which affect the relevance of some of these indicators. We have still considered whether these indicators are present, but have considered them in the context of the circumstances of 2020/21 in assessing whether they are indicative of a risk of significant weakness.

In addition to our financial statement audit, we performed a range of procedures to inform our VfM commentary, including:



Interviews with key stakeholders, including Shirley Martland, Associate Director of Financial Services and Payroll, Heather Shelton, Associate Director of Financial Management, Ged Murphy, Director of Operational Finance, and Paul Howard, Director of Corporate Affairs.



Review of Board and committee reports and attendance at committee meetings.



Reviewing reports from third parties including Care Quality Commission and internal audit.



Considering the findings from our audit work on the financial statements.



Review of the Trust's annual governance statement and annual report.

VfM arrangements: Financial Sustainability

Approach and considerations

We have considered how the Trust plans and manages its resources to ensure it can continue to deliver its services, including:

- How the Trust ensures it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;
- How the Trust plans to bridge its funding gaps and identifies achievable savings;
- How the Trust plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- How the Trust ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning; and
- How the Trust identifies and manages risks to financial resilience, including challenge of the assumptions underlying its plans.

Commentary

The Trust recognised a deficit for the year of £12,610k (2019/20: surplus £8,202k), after receipt of £44.2m of top-up and reimbursement funding and recording net impairments to property, plant and equipment of £6,504k. One factor that impacted on the size of the deficit was that the period used by NHS Improvement from the prior year in setting the block contract included one off transactions, which the Trust highlighted but no adjustment was made in relation to the ICS allocation of funding in the second half of the year.

During the year the Trust received a large value of personal protective equipment worth £6,354k from DHSC as well as £685k of equipment.

At 31 March 2021, the Trust had net assets of £170.5m (31 March 2020: £170.5m), net current liabilities of £8.6m (31 March 2020: net assets £12.9m), and cash of £45.0m (31 March 2020: £47.2m). Therefore, while the Trust has maintained a high level of cash this has been driven partly through a decrease in current receivables and an increase in liabilities, specifically current payables and provisions.

The annual budget setting exercise for 2020/21 was suspended nationally in response to Covid-19 and therefore management adapted its annual budget setting in a manner which was in line with our expectations. The Trust's budgeting process involves budget holders, operation managers and clinicians in the development of the plans. National and local guidance is assessed and used to form the basis of a number of assumptions in the plan. Current year performance is evaluated with notable variances explained to determine any ongoing impact. The budget seeks to explain year on year movements and any pressures are identified. There is a clear process in place to set the annual budget, from the preparation by the budget holders through to the approved by the Board.

The Operational Plan combines the Trust's Financial plan with its Workforce, Quality and Membership and Elections planning and is the short term implementation of the strategy as set out in 'Our Strategy 2030'.

VfM arrangements: Financial Sustainability - continued

Approach and considerations

We have considered how the Trust plans and manages its resources to ensure it can continue to deliver its services, including:

- How the Trust ensures it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;
- How the Trust plans to bridge its funding gaps and identifies achievable savings;
- How the Trust plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- How the Trust ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning; and
- How the Trust identifies and manages risks to financial resilience, including challenge of the assumptions underlying its plans.

Commentary

For the year ended 31 March 2021, the national guidance also suspended the expectation that the Trust would identify, report and deliver cost savings. In line with this revised guidance the Trust also suspended its processes concerning the delivery of cost savings. We note that in relation to previous years the Trust has seen an increase in the proportion of its savings being delivered via non-recurrent schemes (2019/20: 76%, 2018/19: 41% and 2017/18: 58%) and therefore we recommend that, once cost reduction planning recommences, efforts are made to continue the trend towards lower reliance upon non recurrent measures to achieve the financial plan.

The Trust Board reviews its financial risks on a bi-monthly basis and, where appropriate, updates are made to risk scores and mitigating actions are discussed, agreed and documented.

The Trust has a detailed Risk Management policy which sets out the arrangements for assessing and monitoring risk. This includes a Board Assurance Framework and Corporate and Divisional Risk Registers, the risk registers are regularly reviewed and challenged by the Risk Management Group and a summary is provided for the Executive Team's consideration. , and updates are presented to the Quality and Safety Committee, the Audit Committee and Board at each meeting.

From the pre year end strategic risk register, there were a number of highly scored risks across the following areas: staffing levels; Covid-19 impact on capacity; and Safeguarding. For the risks recognised the Trust has identified mitigating actions, delivery of which is monitored by the Board, through the Executive Team, and the Audit Committee.

The Board receives the performance and finance report to each meeting detailing the financial performance and also metrics on a range of areas that are considered most relevant i.e. Patient safety, quality indicators, finance and workforce.

Based on the above, we are satisfied the Trust has sufficient arrangements in place to ensure financial sustainability.

VfM arrangements: Governance

Approach and considerations

We have considered how the Trust ensures that it makes informed decisions and properly manages its risks, including:

- 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;
- how the body approaches and carries out its annual budget setting process;
- 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); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed;
- how the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency; and
- how the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer behaviour.

Commentary

The Audit Committee reviews the adequacy of the risk management arrangements and has oversight of the Trust's system of internal control, including arrangements to prevent and detect fraud. The Audit Committee receives regular progress reports from the Local Counter Fraud Specialist (LCFS) in relation to any proactive and reactive work undertaken, and progress against the Counter Fraud work plan. The Trust has a Fraud, Corruption and Bribery Policy which is developed in conjunction with the LCFS.

The Trust's Audit Committee approves the annual Internal Audit Plan and Counter Fraud Plan, and receives updates at committee meetings through the year.

The Trust's Head of Internal Audit opinion for the year was "Substantial Assurance" that there is a good system of internal control designed to meet the organisation's objectives, and that controls are generally being applied consistently. Due to the impact of the pandemic, there was limited coverage of a number of operational areas, but this approach was consistent with our wider experience in the sector and we noted from our attendance at Audit Committee that the changes were considered and approved by the Committee.

During the initial stages of the pandemic the governance process was streamlined and a Pandemic Assurance Committee was set up but the Trust quickly returned to its substantive Committee model with an increased focus on the impacts of Covid-19. Through out the year the Trust has reassessed its approach to dealing with Covid-19 to identify what has worked well and what could be improved upon, with included reporting to Board and an approved action plan.

The Trust has Standing Financial instructions in place to ensure it makes properly informed decisions, these include approval process for the activities undertaken by the Trust for example contracting, borrowing and investment and financing decisions, which includes approval by finance personnel, and other senior officers. There is also a formal business case approval process to ensure that all relevant considerations, i.e. patient safety, regulatory requirements, strategic priorities, transformation, are undertaken prior to being approved by the relevant committee. This allows for challenge and transparency before decisions are approved.

VfM arrangements: Governance - continued

Approach and considerations

We have considered how the Trust ensures that it makes informed decisions and properly manages its risks, including:

- 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;
- how the body approaches and carries out its annual budget setting process;
- 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); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed;
- how the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency; and
- how the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer behaviour.

Commentary

For operational matters, to ensure that the budget holders have sufficient appropriate information to make informed decisions, the finance team provide a suite of management information to each business unit on a monthly basis. The information provided is based on the needs of the budget holder and can include areas such as contract income, activity, expenditure and forecasts.

The Trust has a number of staff policies in place including a code of conduct and conflicts of interest. These are readily available for all staff to access. Declarations of interest are maintained for all senior members of staff and decision making officers and are publicly available.

The “Well Led” element of the last CQC report issued on 26 February 2020 rated the Trust as Good.

Based on the above, we are satisfied the Trust has sufficient governance arrangements in place for the size and function of the Trust.

VfM arrangements: Improving economy, efficiency and effectiveness

Approach and considerations

We have considered how the body uses information about its costs and performance to improve the way it manages and delivers its services, including:

- How financial and performance information has been used to assess performance to identify areas for improvement;
- How the Trust evaluates the services it provides to assess performance and identify areas for improvement;
- How the Trust 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; and
- Where the Trust commissions or procures services, how the Trust ensures that this is done in accordance with relevant legislation, professional standards and internal policies, and how the Trust assesses whether it is realising the expected benefits.

Commentary

The Trust's most recent CQC inspection was published on 26 February 2020. The Trust was rated "Good" overall. This is consistent with the previous inspection published on 9 March 2018 of "Good".

The Trust has made use of a number of tools to benchmark their operational and financial performance against other Trusts, these include the use of the Model Hospital, the NHS benchmarking network which provides general information to the Trust as well as bespoke reports on specific areas, and the 'Getting it right first time' (GIRFT) reviews which are clinically led reviews of the relative efficiency and effectiveness of clinical services at a specialty level across all acute providers in the NHS.

Planning is increasingly being done on a system basis. For the Trust this means co-ordinating plans with local NHS partners and other organisations as part of the Healthier Wigan Partnership and the Integrated Care System (ICS). The Trust plays an active part in the local ICS and has key local partnerships. In 2019/20, the Trust entered into the Community Health Investment Plan with Wigan Metropolitan Borough Council to work together in delivering better social care. As the Trust moves forwards with ever closer partnership working within the ICS and the increasing focus on system wide objectives, it is important that the Trust adapts its arrangements appropriately to incorporate new duties and responsibilities whilst maintaining the existing rigour over the its current arrangements.

The Trust has a procurement function who are appropriately qualified and develop the Trust's procurement strategy in line with the procurement policy. The policy's aim is to ensure that the Trust operates in an open and transparent manner and achieves value for money. It focuses on ensuring that an appropriate level of competitive tendering is used in each case and that any use of the options to waive the tendering requirements are appropriately approved by senior officers and reported to the audit committee. From our attendance at Audit Committee we have observed their consideration and challenge as part of the approval process.

Based on the above, we are satisfied the Trust has sufficient arrangements to improve economy, efficiency and effectiveness in place for the size and function of the Trust.

Purpose of our report and responsibility statement

What we report

Our report fulfils our obligations under the Code of Audit Practice to issue an Auditor's Annual Report that brings together all of our work over the year, including our commentary on arrangements to secure value for money, and recommendations in respect of identified significant weaknesses in the Trust's arrangements.

The scope of our work

Our observations are developed in the context of our audit of the financial statements.

We described the scope of our work in our audit plan.

Use of this report

This report is made solely to the Council of Governors and Board of Directors ("the Boards") of Wrightington, Wigan and Leigh Teaching Hospitals NHS Foundation Trust, as a body, in accordance with the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Boards those matters we are required to state to them in our Auditor's Annual 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 Boards as a body, for our audit work, for this report, or for the opinions we have formed.

What we don't report

Our audit was not designed to identify all matters that may be relevant to the Trust.

Also, there will be further information the Board of Directors and Council of Governors need to discharge their governance responsibilities, such as matters reported on by management or by other specialist advisers.

Finally, our views on internal controls and business risk assessment should not be taken as comprehensive or as an opinion on effectiveness since they have been based solely on the audit procedures performed in the audit of the financial statements and work under the Code of Audit Practice in respect of Value for Money arrangements.

Deloitte LLP

Leeds | September 2021

Appendix 1: Trust's responsibilities

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 Chief Executive, as Accounting Officer of the Trust, is 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 Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Accounting Officer is required to comply with the Accounts Direction issued by NHS Improvement, which requires the Trust 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. In applying the going concern basis of accounting, the Accounting Officer has applied the 'continuing provision of services' approach set out in the Group Accounting Manual, as it is anticipated that the services the Trust provides will continue into the future.

The Accounting Officer is required to confirm that the Annual Report and Accounts, taken as a whole, is fair, balanced, and understandable, and provides the information necessary for patients, regulators and stakeholders to assess the Trust's performance, business model and strategy.

The Accounting Officer is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the use of the Trust's resources, for ensuring that the use of public funds complies with the relevant legislation, delegated authorities and guidance, for safeguarding the assets of the Trust, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Accounting Officer and the Board are responsible for ensuring proper stewardship and governance, and reviewing regularly the adequacy and effectiveness of these arrangements.

Appendix 2: Auditor's responsibilities

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Auditor's responsibilities relating to the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under the Code of Audit Practice and the National Health Service Act 2006 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the foundation trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our work in accordance with the Code of Audit Practice, having regard to the guidance, published by the Comptroller & Auditor General in April 2021, as to whether the Trust has proper arrangements for securing economy, efficiency and effectiveness in the use of resources against the specified criteria of financial sustainability, governance, and improving economy, efficiency and effectiveness.

The Comptroller & Auditor General has determined that under the Code of Audit Practice, we discharge this responsibility by reporting by exception if we have reported to the Trust a significant weakness in arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021. Other findings from our work, including our commentary on the Trust's arrangements, are reported in our Auditor's Annual Report.

Auditor's other responsibilities

We are also required to report to you if we exercise any of our additional reporting powers under the National Health Service Act 2006 to:

- make a written recommendation to the Trust, copied to the Secretary of State
- make a referral to the Secretary of State and NHS Improvement if we believe that the Trust or an officer of the Trust is
 - about to make, or has made, a decision which involves or would involve the Trust incurring unlawful expenditure;
 - about to take, or has begun to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency
- consider whether to issue a report in the public interest.



Deloitte LLP does not accept any liability for use of or reliance on the contents of this document by any person save by the intended recipient(s) to the extent agreed in a Deloitte LLP engagement contract.

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 1 New Street Square, London, EC4A 3HQ, United Kingdom.

Deloitte LLP is the United Kingdom affiliate of Deloitte NSE LLP, a member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"). DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NSE LLP do not provide services to clients. Please see www.deloitte.com/about to learn more about our global network of member firms.