



# Auditor's Annual Report 2021/22

**Wrightington, Wigan and Leigh Teaching  
Hospitals NHS FT**

21 June 2022

## Key contacts

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This report is addressed to Wrightington, Wigan and Leigh Teaching Hospitals NHS FT (the Trust) and has been prepared for the sole use of the Trust. We take no responsibility to any member of staff acting in their individual capacities, or to third parties.

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

## Summary

### Introduction

This Auditor's Annual Report provides a summary of the findings and key issues arising from our 2021-22 audit of Wrightington, Wigan and Leigh Teaching Hospitals NHS FT (the 'Trust'). This report has been prepared in line with the requirements set out in the Code of Audit Practice published by the National Audit Office and is required to be published by the Trust alongside the annual report and accounts.

### Our responsibilities

The statutory responsibilities and powers of appointed auditors are set out in the Local Audit and Accountability Act 2014. In line with this we provide conclusions on the following matters:

- **Accounts** - We provide an opinion as to whether the accounts give a true and fair view of the financial position of the Trust and of its income and expenditure during the year. We confirm whether the accounts have been prepared in line with the Group Accounting Manual prepared by the Department of Health and Social Care (DHSC).
- **Annual report** - We assess whether the annual report is consistent with our knowledge of the Trust. We perform testing of certain figures labelled in the remuneration report.
- **Value for money** - We assess the arrangements in place for securing economy, efficiency and effectiveness (value for money) in the Trust's use of resources and provide a summary of our findings in the commentary in this report. We are required to report if we have identified any significant weaknesses as a result of this work.
- **Other reporting** - We may issue other reports where we determine that this is necessary in the public interest under the Local Audit and Accountability Act.

### Findings

We have set out below a summary of the conclusions that we provided in respect of our responsibilities:

<b>Accounts</b>	<p>We issued an unqualified opinion on the Trust's accounts on 21 June 2022. This means that we believe the accounts give a true and fair view of the financial performance and position of the Trust.</p> <p>We have provided further details of the key risks we identified and our response on page 4.</p>
<b>Annual report</b>	<p>We did not identify any significant inconsistencies between the content of the annual report and our knowledge of the Trust.</p> <p>We confirmed that the Governance Statement had been prepared in line with the DHSC requirements.</p>
<b>Value for money</b>	<p>We are required to report if we identify any matters that indicate the Trust does not have sufficient arrangements to achieve value for money.</p> <p>We have nothing to report in this regard.</p>
<b>Other reporting</b>	<p>We did not consider it necessary to issue any other reports in the public interest.</p>

# Accounts audit

The table below summarises the key risks that we identified to our audit opinion as part of our risk assessment and how we responded to these through our audit.

Risk	Findings
<p><b>Valuation of Land and Buildings</b></p> <p>Land and buildings are required to be held at fair value. As hospital buildings are specialised assets and there is not an active market for them they are usually valued on the basis of the cost to replace them with a 'modern equivalent asset'. There is a risk the assumptions used to determine the valuation are not accurate.</p>	<p>We did not identify any material misstatements relating to this risk.</p> <p>We raised a recommendation relating to the preparation of an annual impairment review in future years.</p> <p>We considered the estimate to be balanced based on the procedures performed.</p>
<p><b>Fraudulent expenditure recognition</b></p> <p>The Trust is required to support the achievement of spend within the Integrated Care System (ICS) funding envelope for Greater Manchester Health and Social Care Partnership. There is therefore a risk that non-pay expenditure may be manipulated in order to achieve a breakeven position at the ICS level.</p> <p>We consider this would be most likely to occur through manipulating accruals at the end of the year.</p>	<p>We did not identify any material misstatements relating to this risk.</p>
<p><b>Management override of controls</b></p> <p>We are required by auditing standards to recognise the risk that management may use their authority to override the usual control environment.</p>	<p>We did not identify any material misstatements relating to this risk.</p>

# Value for money

## Introduction

We consider whether there are sufficient arrangements in place for the Trust for each of the elements that make up value for money. Value for money relates to ensuring that resources are used efficiently in order to maximise the outcomes that can be achieved.

We undertake risk assessment procedures in order to assess whether there are any risks that value for money is not being achieved. This is prepared by considering the findings from other regulators and auditors, records from the organisation and performing procedures to assess the design of key systems at the organisation that give assurance over value for money.

Where a significant risk is identified we perform further procedures in order to consider whether there are significant weaknesses in the processes in place to achieve value for money.

Further details of our value for money responsibilities can be found in the Audit Code of Practice at [Code of Audit Practice \(nao.org.uk\)](https://www.nao.org.uk)

## Matters that informed our risk assessment

The table below provides a summary of the external sources of evidence that were utilised in forming our risk assessment as to whether there were significant risks that value for money was not being achieved:

<b>Care Quality Commission rating</b>	Good (February 2020)
<b>Single Oversight Framework rating</b>	Segment 2 (Targeted support: Support needs identified in Finance & use of resources and Operational performance)
<b>Governance statement</b>	There were no significant control deficiencies identified in the governance statement.
<b>Head of Internal Audit opinion</b>	Substantial Assurance

## Commentary on arrangements

We have set out on the following pages commentary on how the arrangements in place at the Trust compared to the expected systems that would be in place in the sector.

## Summary of findings

We have set out in the table below the outcomes from our procedures against each of the domains of value for money:

Domain	Risk assessment	Summary of arrangements
<b>Financial sustainability</b>	No significant risks identified	No significant weaknesses identified
<b>Governance</b>	No significant risks identified	No significant weaknesses identified
<b>Improving economy, efficiency and effectiveness</b>	No significant risks identified	No significant weaknesses identified

# Value for money

Financial sustainability	
Description	Commentary on arrangements
<p>This relates to ensuring that the Trust has sufficient arrangements in place to be able to continue to provide its services within the resources available to it.</p> <p>We considered the following areas as part of assessing whether sufficient arrangements were in place:</p> <ul style="list-style-type: none"> <li>How the Trust sets its financial plans to ensure services can continue to be delivered;</li> <li>How financial performance is monitored and actions identified where it is behind plan; and</li> <li>How financial risks are identified and actions to manage risks implemented.</li> </ul>	<p>As in 2020/21, the 2021/22 financial year has been split into two halves, with a different funding regime in place for each. The regimes are largely a continuation of those introduced in response to Covid-19, and set out in two lots of operational planning and implementation guidance, issued in March and September 2021.</p> <p>The funding arrangements are broadly consistent in both H1 and H2 with system funding envelopes containing adjusted CCG allocations, system top-up and Covid-19 fixed allocations remaining in place with Greater Manchester Health and Social Care Partnership, as well as block payments between NHS commissioners and NHS providers.</p> <p>The financial plan submitted included a planned deficit of £4.2m for H1. Following a review by the GM system the plan was revised to a breakeven position for H1 with this initial £4.2m deficit being reduced by the adjustment to identified cost pressures within the interim budget, reducing the Covid budget in Q2, additional system funding and an increase to the Cost Improvement Programme (CIP) required. At M6, the Trust achieved a breakeven position for H1.</p> <p>The official planning guidance for H2 was not to be received until 30 September 2021 and the Trust submitted a planned full year deficit of £9.4m. This was revised to a breakeven position following the GM system review through additional system funding and an increase in efficiency target.</p> <p>The Trust recognised a deficit for the year of £2,147k.</p> <p>We found that the budget monitoring and control processes were able to identify and incorporate significant pressures into the financial plan to ensure it was achievable and realistic. The budgets for H1 and H2 were constructed based on appropriate local and national planning assumptions and we saw evidence of appropriate review and sign off. Emerging cost pressures are identified through monthly review of budget statements and the budget is monitored by F&amp;P.</p> <p>The financial performance for the month is presented and discussed at each F&amp;P meeting. The monthly Finance Reports include an overview of financial performance, as well as a more detailed review of surplus/deficit, capital, cash, income &amp; activity, expenditure, service and value improvement (SAVI) and agency spend. The report also includes a 'Forward Look' to the rest of the 2021/22 financial year, as well as an update on 2022/23 planning processes.</p> <p>The sustained financial pressure on the sector means that the Trust must continue to identify and achieve challenging savings goals to continue to meet its targets. At each year end, the risk therefore increases that the Trust will not be able to identify the required level of savings to meet further savings targets. We have considered whether there were sufficient controls allowing the Trust to effectively manage resources and ensure continuity in the delivery of its services.</p>

# Value for money

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# Value for money

Governance	
Description	Commentary on arrangements
<p>This relates to the arrangements in place for overseeing the Trust's performance, identifying risks to achievement of its objectives and taking key decisions.</p> <p>We considered the following areas as part of assessing whether sufficient arrangements were in place:</p> <ul style="list-style-type: none"> <li>Processes for the identification and management of strategic risks;</li> <li>Decision making framework for assessing strategic decisions;</li> <li>Processes for ensuring compliance with laws and regulations;</li> <li>How controls in key areas are monitored to ensure they are working effectively.</li> </ul>	<p>There is an overarching committee structure in place which is part of the internal governance arrangements, in which policies and procedures are continually validated and ratified. All relevant policies and procedures are communicated and made available to staff via the intranet. The Trust has a Code of Conduct Policy for the Trust Board and staff, in addition to the Standing Financial Instructions and Scheme of Delegation.</p> <p>Compliance with the Care Quality Commission (CQC) standards of Quality and Safety are monitored through the Quality &amp; Safety Committee (Q&amp;S) at the Trust. Q&amp;S is responsible for monitoring all legal, regulatory and other obligations of the Trust. The Trust is currently rated as 'Good' across all categories by the CQC following the most recent report in February 2020.</p> <p>The Board and Finance and Performance Committee (F&amp;P) have been kept informed of the funding arrangements in place for 2021/22 and the monthly finance reports provide commentary on risks and uncertainties that may exist.</p> <p>Management have established financial controls to prevent and detect fraud – this includes segregation of duties across core systems, approval and authorisation limits linked to purchases and payments. Our testing of the design and implementation of these controls has not identified any issues in relation to the effectiveness of these controls.</p> <p>The Trust operates a risk monitoring and reporting system to ensure that there is clear ownership of risk at the appropriate hierarchical levels and robust scrutiny and oversight of how risks are managed. Reporting on the Board Assurance Framework (BAF) and Risk Register has continued throughout the year, with issues being escalated as necessary and appropriate detail included to outline the risk, allocation across one of the four strategic priorities (patients, people, performance or partnerships) and controls in place that mitigate the risks, as well as any identified gaps in control.</p> <p>The BAF shows that the Trust has carefully considered the consequence and likelihood of each risk with sufficient and appropriate rationale and how the Trust intends to reduce each risk to an achievable target risk score. Our review has demonstrated that these documents included sufficient detail and display strong and robust arrangements in place to help identify, assess and monitor financial risk.</p> <p>Balanced Scorecards are presented at each Board meeting. The scorecards include an overview of performance of the wider strategic areas: Quality and Safety, People, Activity and Effectiveness and Finance. Within the finance scorecard, details are included of income, expenditure, surplus/deficit, cash balance and capital spend in month and YTD compared to plan.</p>



# Value for money

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# Value for money

## Improving economy, efficiency and effectiveness

Description	Commentary on arrangements
<p>This relates to how the Trust seeks to improve its systems so that it can deliver more for the resources that are available to it.</p> <p>We considered the following areas as part of assessing whether sufficient arrangements were in place:</p> <ul style="list-style-type: none"> <li>▪ The planning and delivery of efficiency plans to achieve savings in how services are delivered;</li> <li>▪ The use of benchmarking information to identify areas where services could be delivered more effectively;</li> <li>▪ Monitoring of non-financial performance to assess whether objectives are being achieved; and</li> <li>▪ Management of partners and subcontractors.</li> </ul>	<p>The Trust produce a monthly Balanced Scorecard which incorporates quality &amp; safety, activity &amp; effectiveness, people and finance metrics into a single report. The Trust governance structure has each of these areas set up as a separate board sub-committee to ensure the consideration of value for money and key strategic decisions.</p> <p>Non-financial key performance indicators are monitored by the Trust through the Performance Report on a monthly basis at the Finance and Performance Committee (F&amp;P). These include, but are not limited to, the A&amp;E 4 hour wait, 62 day cancer and 52 week referral to treatment (RTT) national performance metrics. Summary information is shared through Divisional and Directorate Reports and Committee Group reports for monitoring and scrutiny.</p> <p>The Trust manage and monitors cost performance through regular reporting to the Executive team and F&amp;P. Costs are benchmarked against the Model Hospital data and internal service line reporting then reviewed through F&amp;P. The Trust also makes use of NHS Benchmarking information and National Cost Collection information to assess cost performance during the year.</p> <p>The Trust has an on-line application called Devolved Finance Management (DFM) that is used by budget holders to review and manage their budgets. The budget statement viewable by budget holders includes details of the annual budget allocated and the current month and YTD budget compared to current month and YTD actuals for each subjective code to identify specific areas where cost improvement needs to be reviewed.</p> <p>The Trust is currently rated as 'Good' across all categories by the CQC following the most recent report in February 2020.</p> <p>WWL is a founding member of the Healthier Wigan Partnership (HWP). This partnership ensures the delivery of joined up and sustainable health and care services that meet the needs of local residents and improves the population's health in the longer-term. The HWP membership currently includes the Trust, Wigan Council, NHS Wigan Borough CCG, Great Manchester Mental Health NHS FT and GP Clinical Leads representing the 7 Primary Care Networks (PCNs) of GP practices in the Wigan Borough. The Trust is also a member of the Healthier Wigan Partnership Executive Board.</p> <p>There are a number of mechanisms whereby the activities of the ICS are reported to the Board and monitored at an organisational level. These include regular updates and briefing papers being presented to the Board and participation in workshops to support the development of the new operating model at ICS and locality level.</p>

# Value for money

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