



# The Annual Audit Letter for Gloucestershire Hospitals NHS Foundation Trust

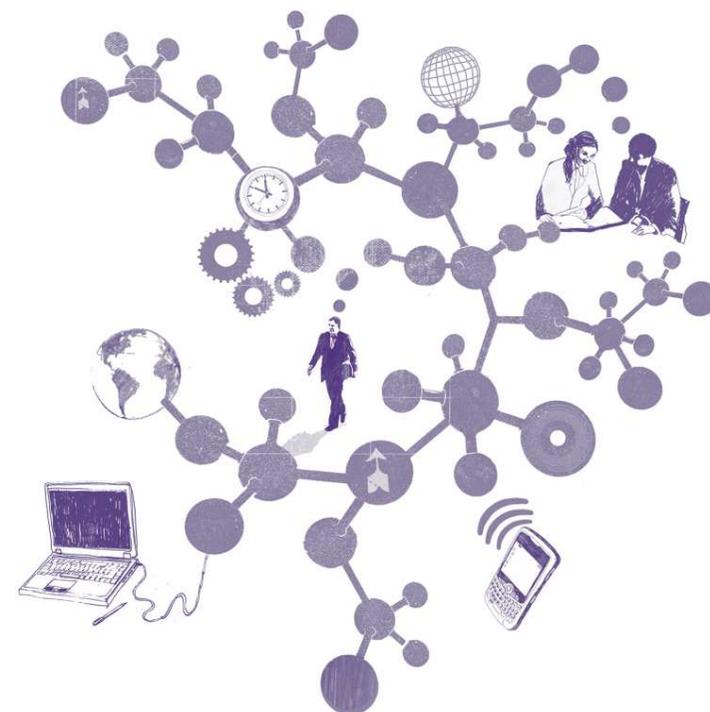
**Year ended 31 March 2016**

August 2016

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# Executive summary

## **Purpose of this letter**

Our Annual Audit Letter (Letter) summarises the key findings arising from the work that we have carried out at Gloucestershire Hospitals NHS Foundation Trust (the Trust) for the year ended 31 March 2016.

This Letter is intended to provide a commentary on the results of our work to the Trust and its external stakeholders, and to highlight issues that we wish to draw to the attention of the public. In preparing this letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'.

We reported the detailed findings from our audit work to the Trust's Audit Committee as those charged with governance in our Audit Findings Report on 17 May 2016 and discussed subsequent changes with the Director of Finance and the Audit Committee Chair from then until May 27<sup>th</sup>. A final Audit Findings report was issued to Those Charged with Governance on May 27<sup>th</sup> prior to the issuing of our opinion.

## **Our responsibilities**

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the Trust's financial statements (section two)
- assess the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (section three).

In our audit of the Trust's financial statements, we comply with International Standards on Auditing (UK and Ireland) (ISAs) and other guidance issued by the NAO.

## **Our work**

### **Financial statements opinion**

We gave an unqualified opinion on the Trust's financial statements on 27 May 2016.

### **Value for money conclusion**

We issued an unqualified value for money conclusion on 27<sup>th</sup> May 2016.

### **Quality Accounts**

We concluded that the Quality Account was prepared in line with the Regulations and guidance. However, we qualified our limited assurance report as we identified errors when undertaking our testing of the referral to treatment incomplete pathways indicator. We reflected this in our separate report on the Quality Account issued on 26 May 2016.

### **Consolidation template**

We also reported on the consistency of the consolidation schedules submitted to the Department of Health with the audited financial statements. We concluded that these were consistent.

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## Working with the Trust

During the year we have delivered a number of successful outcomes with you:

- Improving your annual reporting – we benchmarked your annual report and made recommendations for improvement.
- Providing assurance over data quality – we provided assurance over three key indicators and highlighted the need to improve the reliability of data regarding the referral to treatment incomplete pathways indicator due to errors identified when undertaking our testing and also the 'Seek' element of the dementia indicators, which was the Governors' choice of indicator for review.
- Sharing our insight – we provided regular audit committee updates covering best practice. We also shared our thought leadership reports.
- Providing training – we provided your teams with training on financial accounts and annual reporting.
- Providing information – we shared our report on Foundation Trust key performance indicators with you.

**Grant Thornton UK LLP**  
**August 2016**

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# Audit of the accounts

## **Our audit approach**

### **Materiality**

In our audit of the Trust's financial statements, we use the concept of materiality to determine the nature, timing and extent of our work, and in evaluating the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for our audit of the Trust's accounts to be £8,710,000, which is 1.8% of the Trust's gross revenue expenditure. We used this benchmark as in our view, users of the Trust's financial statements are most interested in where it has spent the income it made in the year.

We also set a lower level of specific materiality for certain areas such as cash, senior manager remuneration and audit fees.

We set a lower threshold of £250,000, above which we reported errors to the Audit Committee in our Audit Findings Report. This is in accordance with national guidance as set out by the National Audit Office, determined by the consistency statement return which consolidates balances across the NHS.

### **The scope of our audit**

Our audit involves obtaining enough evidence about the amounts and disclosures in the financial statements to give reasonable assurance that they are free from material misstatement, whether caused by fraud or error.

This includes assessing whether:

- the Trust's accounting policies are appropriate, have been consistently applied and adequately disclosed;
- significant accounting estimates made by management are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the annual report to check it is consistent with our understanding of the Trust and with the accounts on which we give our opinion.

We carry out our audit in line with ISAs (UK and Ireland) and the NAO Code of Audit Practice. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach was based on a thorough understanding of the Trust's business and is risk based.

We identified key risks which were communicated to Those Charged with Governance in our Audit Plan on 8 March 2016. We set out overleaf the work we performed in response to these risks and the results of this work.

# Audit of the accounts

These are the risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk
<b>Occurrence of healthcare income</b>	<p>As part of our audit work we:</p> <ul style="list-style-type: none"><li>• Evaluated the Trust's policy for accounting for income for appropriateness and consistency with last year.</li><li>• Gained an understanding of the Trust's system for accounting for healthcare and non-healthcare income and the controls in place</li><li>• Tested a sample of income to supporting documents and receipt of cash</li><li>• Checked the consistency of income recorded by the Trust against expenditure recorded by the commissioners.</li></ul> <p>We identified the following issues:</p> <ul style="list-style-type: none"><li>• In undertaking our review of the output from the NHS agreement of balances exercise, we identified a number of mismatches. These were reported in our Audit Findings report. Two of the larger items were also included in the Executive Summary of the Audit Findings report: The initial mismatch report identified a difference between the Trust and Gloucestershire CCG of £9.018m. Based upon more up to date information, both organisations agreed to reduce the difference overall to £1.645m. The Trust agreed to reduce the reported income from the CCG by £1.4m which left a residual difference of £245,000. The Trust then identified a number of compensating adjustments which were made in order to ensure that the draft surplus reported was not impacted. Further details of these amounts are shown on page 8 of this report.</li><li>• The Trust entered into a mediation process with Gloucestershire Care Services NHS Trust. As a result of the mediation conclusion, there was a reduction in the Trust's income of £1,167,676 and a reduction in expenditure of £813,883. These adjustments were not reflected in the accounts and therefore our audit findings report confirmed that there was a net unadjusted amount of £353,793, which would have reduced the Trust's surplus further had it been processed.</li></ul>

# Audit of the accounts

These are the risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk
<b>Valuation of property plant and equipment</b>	<p>As part of our audit work we:</p> <ul style="list-style-type: none"><li>• Reviewed whether the experts used by the Trust were sufficiently knowledgeable and independent for us to rely on their work</li><li>• Reviewed the Trust's instructions to the valuer and the information on the assets it gave them</li><li>• Reviewed the valuer's report to understand the method used and any key assumptions.</li><li>• Discussed with management the key assumptions about the basis of valuation, including asset lives, to ensure these were appropriate.</li><li>• Checked that the valuation had been correctly reflected in the Trust's asset register.</li></ul> <p>We identified the following:</p> <ul style="list-style-type: none"><li>• The revaluations resulting from the latest valuation exercise had not been correctly reflected in Note 14.1 Property, plant and equipment. However, whilst large numbers were involved, there was no impact on the Trust's operational surplus;</li><li>• The Trust submitted incorrect details of capital expenditure to the valuers (DTZ). Had the correct information been submitted, DTZ estimate that this would have increased the value of buildings by around £2.1m;</li><li>• The value of assets included in Note 14.1 did not agree to the report from DTZ. The overall difference was £0.935 million;</li><li>• We identified that the floor areas on which the building valuation was based were incorrect as up to date drawings had not been made available to the valuer. The Trust provided the valuer with the relevant drawings and, as a result, desktop valuations of the main blocks at Cheltenham General Hospital and Gloucester Royal Hospitals were undertaken. The valuer reported that building valuations were possibly understated by £2.6m.</li></ul>

# Audit of the accounts

## Audit opinion

We gave an unqualified opinion on the Trust's financial statements on 27 May 2016, in accordance with the national deadline.

The Trust made the accounts available for audit in line with the national timetable for submission. We were provided with the majority of the required working papers at the commencement of our work. The working papers were generally of a satisfactory standard, and were produced on a timely basis, although there were some exceptions to this, notably in respect of payables, agreement of balances, property plant and equipment, reversal of impairments and the going concern document.

## Issues arising from the audit of the accounts

We reported the key issues from our audit to the Trust's Audit Committee on 17 May 2016 and updated this on 27<sup>th</sup> May 2016.

The draft financial statements for the year ended 31 March 2016 recorded a retained surplus of £4.671 million for the Trust and £4.082 million for the Group. The surplus of £4.671m had been achieved after allowing for the following:

- the reversal of an impairment which had a favourable net impact of £3.2m
- a reduction of £6m in depreciation compared to 2014/15, as a result of a change in asset lives assessed by the Trust's valuers. This key judgement is underpinned by the assumption that the Trust has a robust future maintenance programme. We sought evidence to confirm that this was the case and asked the Trust to include reference to this issue in Note 1.24 Critical Judgements and Estimates, which was done.

## Other financial reporting issues

- Our testing of the reversals of impairments found that this was overstated by £660,000 as this amount should have been credited to the revaluation reserve. Management decided not to amend for this. Should the amendment have taken place this would have reduced the reported surplus by £660,000 but would have had no impact on the operational surplus of £876,000.
- As noted on page 7, the Trust submitted incorrect details of capital expenditure to the valuers (DTZ). Had the correct information been submitted, DTZ estimated that this would have increased the value of buildings by around £2.1m. This has been recorded as an unadjusted item.
- Also as noted on page 7, building assets (part of property, plant and equipment) were understated as the valuations had not been based on up to date information on floor areas. If corrected, the value of buildings would have increased by £2.6m.
- The value of assets included in Note 14.1 did not agree to the report from DTZ. The overall difference was £0.935 million (the accounts showed a higher figure than the valuation report). If corrected, this would have reduced the value of the Trust's assets by £0.935m.
- There were a number of cases where there were mismatches between the Trust and other NHS organisations. These are detailed in Appendix A.

## Prior period adjustment

As noted on page 6, the Trust included a prior period adjustment and other changes in the accounts so that the reported surplus was not affected by the reduction in income of £1.4m relating to Gloucestershire CCG. We performed further testing in this area. The changes are outlined below:

- additional income recognised from month 13 exercise as actual income above month 12 estimates - £158,000
- other NHS income - £195,000
- prior period adjustment for injury benefit to reflect what was properly chargeable to 2014/15 - £815,000
- release of income provision, utilising provision for income risk - £232,000.

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# Audit of the accounts

## **Annual Governance Statement and Annual Report**

We are also required to review the Trust's Annual Governance Statement and Annual Report. The Trust provided these during the audit. These documents were consistent with our knowledge of the Trust. However, the draft Annual Report did not fully meet the requirements set out in the Annual Reporting Manual as not all required disclosures had been made. The final version of the Annual Report met requirements.

## **Whole of Government Accounts (WGA)**

We issued a group assurance certificate to the NAO in respect of Whole of Government Accounts, which did not identify any issues for the group auditor to consider.

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# Value for Money conclusion

## Background

We carried out our review in accordance with the NAO Code of Audit Practice, following the guidance issued by the NAO in November 2015 which specified the criterion for auditors to evaluate:

*In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.*

## Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the key risks where we concentrated our work.

The key risks we identified and the work we performed are set out in the following page.

## Overall VfM conclusion

We issued an unqualified value for money conclusion on 27<sup>th</sup> May 2016.

### Significant qualitative aspects

AGN 03 requires us to disclose our views on significant qualitative aspects of the Trust's arrangements for delivering economy, efficiency and effectiveness.

We focused our work on the significant risks that we identified in the Trust's arrangements. In arriving at our conclusion, our main considerations were:

- the Trust's financial outturn was a surplus £876,000 and the financial outlook for 2016/17 being a planned surplus of £5.3 million.
- Agency workforce is a key risk due to supply of trained clinical staff which can present risks to the overall performance of the Trust.
- the Trust's delivery of operational targets. There continue to be significant problems in delivering the A&E 4 hour target and the cancer 62 day target, but overall, the Trust has reported delivery of most targets.

### Overall conclusion

Based on the work we performed to address the significant risks, we concluded that:

- the Trust had proper arrangements in all significant respects to ensure it delivered value for money in its use of resources.
- There is a system wide challenge across the health and social care system which continues to put pressure on bed resources and staff capacity. Demand continues to increase resulting in increased agency staff costs .

### Recommendations for improvement

We discussed findings arising from our work with management and have agreed recommendation for improvement as follows.

Our review has concluded that overall there are appropriate arrangements in place for 2015/16. Our work has identified the future challenges being faced by the Trust and we recommend that continued scrutiny takes place, with regular challenge around cashflows, activity and performance with main commissioners, achievement of savings plans and the wider healthcare economy performance. Management and the board will need to satisfy themselves that the finance position is sustainable over the medium term.

Management's response to these can be found in the Action Plan at Appendix B.

# Value for Money

**Table 2: Value for money risks**

Risk identified	Work carried out	Findings and conclusions
<p><b>Financial outturn</b> The Trust is forecasting that it will report a surplus in 2015/16 of around £2 million, compared to a budgeted outturn of £4 million.</p>	<p>We reviewed the Trust's arrangements for putting together and agreeing its budget, including identification of savings plans; and its arrangements for monitoring and managing delivery of its budget and savings plans for 2015/16, including the impact on service delivery.</p> <p>We also considered the impact of the agency cap on both financial and operational performance.</p>	<p>The Trust reported a surplus of £4.671 million (including £3.795 million net impact of impairments and reversals of impairments).</p> <p>In developing the budget for 2015/16 there was extensive consultation with divisions to ensure that divisions were signed up to the action necessary to deliver the budget and the savings required. Each division signed up to financial and activity plans. These arrangements have continued in relation to the 2016/17 budget.</p> <p>Early in the financial year 2015/16, it became apparent that the Trust was struggling to achieve its budget. Half year financial review meetings were held with the Divisions and other savings plans agreed to improve the expenditure position.</p> <p>One of the main issues impacting on the financial position was the continuing use of agency staff. Monitor (now part of NHS Improvement) set a cap of 6% (agency as a percentage of nursing costs) for quarters three and four. The outturn was 8.8% for quarter 3 and 10.2% for quarter four.</p> <p>Whilst Nursing is showing the highest financial variance against plan, the largest variance in terms of percentage from plan is Junior Medical staffing at 13.14% (£3.7m).</p> <p>For 2016/17, the Trust is planning to deliver a surplus of £5.3 million. The contract has been agreed with the CCG, which results in the Trust receiving an additional £20m income over the previous year. This income recognises growth, service developments and price movements and will incur associated expenditure. The Trust will also receive £12.9 m of funding through the Sustainability and Transformation Plan.</p> <p>Reducing the use of agency staff, both nursing and medical, is key to the delivery of the Trust's financial plan for 2016/17.</p> <p><b>Whilst the Trust does have significant challenges ahead, we concluded that the Trust has proper arrangements in place to support the sustainable delivery of strategic priorities and maintain statutory functions.</b></p>

# Value for Money

Table 2: Value for money risks continued

Risk identified	Work carried out	Findings and conclusions
<p><b>Operational performance</b> Trust continues to report difficulties in achieving the accident and emergency (A&amp;E) 4 hour wait target and in reducing the number of patients that are medically fit patients remaining in a hospital bed.</p>	<p>We reviewed how the Trust sought and is continuing to seek to address the under-performance against the A&amp;E 4 hour wait target and to reduce the number of medically fit patients remaining in a hospital bed.</p>	<p>In May 2015 Monitor informed the Trust that it was 'under review' in relation to its performance against the 4 hour A&amp;E target. The following month, CQC was also critical of the Trust's performance in its report based on an inspection undertaken in March 2015. The Trust produced a detailed action plan to address the situation, which Monitor accepted. However, despite this, the Trust has continued to struggle to achieve the target. As a result, NHS Improvement are "investigating governance concerns at the trust triggered by multiple breaches of the A&amp;E target".</p> <p>For 2015/16, the Trust reported that 86.74% of patients were admitted, transferred or discharged within 4 hours</p> <p>It is clear that this is a very difficult issue to resolve as it is whole health economy issue i.e. more patients attending A&amp;E and more medically fit patients blocking beds waiting for care packages. Length of stay remains an issue. The Trust identified that there were more than 200 patients with lengths of stay in excess of 14 days. As a result, a project is underway to review patients with a long lengths of stay. Since the project began, there has been a significant reduction in the number of patients with long lengths of stay.</p> <p><b>Whilst the Trust does have significant challenges ahead, we concluded that the Trust has proper arrangements in place to use its own resources, both people and finances, and to work with partners to help it to deliver its strategic priorities.</b></p> <p>Since we concluded our review, NHS Improvement reported that "waiting times are still too high and we've found that further, sustained action by the trust is needed". In the first quarter of 2016/17, the Trust reported that 86.7% of patients spent four hours or less in the emergency department.</p>

# Value for Money

**Table 2: Value for money risks continued**

Risk identified	Work carried out	Findings and conclusions
<p><b>CQC inspection</b> An inspection by the Care Quality Commission, which was reported in June 2015, rated the Trust as requiring improvement overall. Overall, both Cheltenham General and Gloucestershire Royal Hospital were rated as requiring improvement. They were rated as good for caring and as requiring improvement in safety, effectiveness, being responsive to patients' needs and being well-led.</p>	<p>We reviewed how the Trust is implementing and monitoring delivery of the action plan agreed to address the findings of the CQC inspection.</p>	<p>The Trust's action plan in response to the CQC report was originally presented to the Quality Committee in August 2015 and shared with CQC. Action has been taken to address each of the recommendations in the action plan. This does not necessarily mean that all actions have been fully addressed as some actions have been closed down as they are now part of the Trust's normal operational arrangements. An example of this is that the Trust was required to "Improve its performance in relation to the time that patients spend in the emergency department to ensure that patients are assessed and treated within appropriate timescales". As noted above, the Trust still doesn't achieve the 95% A&amp;E target, but the action taken, such as setting up the Emergency Care Board is now part of the Trust's day to day arrangements.</p> <p><b>The Trust has made progress in addressing the improvement plan and on that basis we conclude that the Trust has proper arrangements in place to demonstrate the commitment to improvement over the next 12 months.</b></p>

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# Quality Accounts

## The Quality Account

The Quality Account is an annual report to the public from NHS Trusts about the quality of services they deliver. It allows Trust Boards and staff to show their commitment to continuous improvement of service quality, and to explain progress to the public.

## Scope of work

We carry out an independent assurance engagement on the Trust's Quality Account, following Department of Health (DH) guidance. We give an opinion as to whether we have found anything from our work which leads us to believe that:

- the Quality Account is not prepared in line with the DH criteria;
- the Quality Account is not consistent with other documents specified in the DH guidance; and
- the two indicators in the Quality Account where we carry out detailed work are not compiled in line with the DH regulations and meet expected dimensions of data quality. We also undertook detailed work on a further indicator selected by governors. However, this indicator is not covered in our limited assurance report.

## Key messages

- We confirmed that the Quality Account had been prepared in line with the requirements of the Regulations.
- We confirmed that the Quality Account was consistent with the sources specified in the Guidance
- We confirmed that the commentary on indicators in the Quality Account was consistent with the reported outcomes

## Quality Account Indicator testing

We tested the following indicators:

- percentage of patients with a total time in A&E of four hours or less from arrival to admission, transfer or discharge
- percentage of incomplete pathways within 18 weeks for patients on incomplete pathways at the end of the reporting period
- Dementia: Find and Assess, Investigate and Refer

We reviewed the process used to collect data for the indicators. We checked that the indicator presented in the Quality Report reconciled to the underlying data. We then tested a sample of cases to check the accuracy, completeness, timeliness, validity, relevance and reliability of the data, and whether the calculation was in accordance with the definition.

## Findings

- Incomplete pathways - our testing of the data supporting the performance indicator identified a number of errors including four relating to clock start dates. As a result, this impacted on the accuracy dimension of data quality.
- A&E 4 hour wait – no significant issues identified
- Dementia - we identified two cases, of seven tested, where case finding had been applied within 72 hours, as required, but it was recorded that this had not taken place. As a result, the Trust's performance was understated. At the Trust's request, no further testing was undertaken to substantiate this position as a further 35 cases would have needed to be tested and one further error would have resulted in the indicator being qualified anyway.

## Conclusion

As a result of these findings, we issued a qualified conclusion on your Quality Account. As the dementia indicator was the governors' selection it is not covered by our qualified conclusion.

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# Grant Thornton in Health

## Our client base and delivery

- We are the largest supplier of external audit services to the NHS
- We audit over 120 NHS organisations
- 99% of 2015/16 audit reports were issued by the national deadline
- Our clients scored us 8 out of 10 or higher

## Our connections

- We meet regularly with and second people to the Department of Health, CQC, NHS Improvement and NHS England
- We work closely with local government and blue light services
- We work with the Think Tanks and legal firms to develop workshops and good practice
- We provide thought leadership, seminars and training to support our clients and to provide solutions.
- In 2016 we issued reports on Mental Health Collaboration, and NHS governance and finance.
- We will publish reviews on the Future of Primary Care and on NHS commercial structures later this year.

## Our support for the sector

- We are sponsors for HFMA and work with the provider faculty, mental health faculty and commissioning faculty. We regularly speak at HFMA events to share best practice and solutions.
- We provide auditor briefings into what is happening with department policy, sector regulation, and at other NHS organisations to help support our clients.
- We provide Key Issues Bulletins that summarise what is happening in the sector.
- We hold regular 'free to access' financial reporting and other training sessions for finance staff to ensure they have the latest technical guidance.

## Our quality

- We fully meet the criteria for appointment as external auditors.
- Our audit approach complies with the NAO's Code of Audit Practice, and International Standards on Auditing.
- We are fully compliant with ethical standards
- We have passed all external quality inspections including QAD and AQRT.

## Our technical support

- We are members of all of the key NAO, ICAEW, and HFMA technical forums.
- We have specialists leads for Public Sector Audit quality and Public Sector technical.
- We provide national technical guidance on emerging auditing, financial reporting and ethical areas.
- Local teams are supported on information technology by specialist IT auditors.
- We use specialist audit software to identify and assess audit risk.

## Our people

- We have over 30 engagement leads accredited by ICAEW to issue NHS audit reports
- We have over 300 public sector specialists
- We invest heavily in our people including technical and personal development training
- We invest in the future of the public sector and employ over 80 Public Sector trainee accountants

# Reports issued and fees

We confirm below our final fees charged for the audit.

## Fees

	Planned £	Actual fees £
Statutory audit	55,000	* TBA
Charitable fund	3,000	*TBA]
<b>Total fees</b>	<b>58,000</b>	<b>[xx]</b>

\*The increase for the statutory audit is as a result of additional work in the following areas:

- property, plant and equipment - due to the errors and valuation issues identified during our audit
- extra work undertaken as a result of prior period adjustment and other changes as a result of issues identified from the NHS mismatches exercise (see page 8 for further details)
- NHS income – issues arising from the NHS mismatched exercise which we had to investigate to try to establish reasons for the differences
- creditors – working papers didn't clearly agree to the figures in the accounts.

The increase for the charitable fund audit is as a result of additional work in the following areas:

- FRS102 disclosures – draft accounts were not compliant with this newly implemented financial reporting standard
- gift aid income
- debtors

## Fees for other services

Service	Fees £
None	Nil

## Reports issued

Report	Date issued
Audit Plan	January 2016
Audit Findings Report	May 2016
Quality Account Report	June 2016
Annual Audit Letter	August 2016

Appendix A: Agreement of balances variances.  
reported as above triviality for the purposes of this report only.

Trust income		Trust expenditure	
Other NHS body	Value	Other NHS body	Value
2gether NHS FT	£269,000	NHS Litigation Authority	£365,000
NHS South Worcestershire	£436,000	NHS England	£348,000
NHS Herefordshire	£307,000	NHS Gloucestershire CCG	£301,000
		Public Health England	£279,000
		Great Western Hospitals NHS FT	£253,000
<b>Total of all items greater than £250,000</b>		<b>Total of all items greater than £250,000</b>	<b>£1,546,000</b>

# Appendix B: Action plan

## Priority

**High** - Significant effect on control system

**Medium** - Effect on control system

**Low** - Best practice

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
1	<p>Prepare and share procedure notes with those officers involved in undertaking a stock take in future years</p> <p>Ensure that stock sheets used to record counts are signed by the preparer and are numbered to aid completeness.</p>	Medium	Agreed	<p>September 2016 Head of Financial Accounts</p> <p>September 2016 Divisional Directors of Operations</p>
2	Ensure that all journals are subject to review and authorisation.	Medium	Agreed	<p>June 2016 Director of Operational Finance</p>
3	Undertake an annual impairment review of the Trakcare capitalised costs, in accordance with the accounting policy.	Medium	Agreed	<p>March 2017 Head of Financial Accounts</p>
4	We have noted the future challenges being faced by the Trust and we recommend that continued scrutiny takes place, with regular challenge around cashflows, activity and performance with main commissioners, achievement of savings plans and the performance of the wider health economy.	Medium	Management agree to a high risk around agency expenditure.	<p>On-going CIP Director</p>
5	Ensure that the rationale for the provision for impaired receivables is adequately documented.	Low	Agreed	<p>September 2016 Director of Operational Finance</p>



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