



Gloucestershire
Hospitals NHS
Foundation Trust

**2023/24 External Audit Presentation to the
Council of Governors – 2 September 2024**

Scope of work and approach

We have three key areas of responsibility under the Audit Code

Financial statements

We will conduct our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), the Code of Audit Practice issued by the Comptroller & Auditor General and applicable law. The Group prepares its accounts under the Group Accounting Manual (“GAM”) which is issued by the Department of Health and Social Care.

We are also required to issue separate group reporting to the NAO on the Group’s separate return required for the purposes of its audit of the Whole of Government Accounts and departmental accounts.

Annual Report

We are required to consider the completeness of the disclosures in the Annual Governance Statement in meeting the relevant requirements and identify any inconsistencies between the disclosures and the information that we are aware of from our work on the financial statements and other work.

As part of our work we review the remuneration report and annual report and compare with other available information to ensure there are no material inconsistencies. We also review any reports from the Care Quality Commission, NHS England and other relevant regulatory bodies and any related action plans developed by the Group.

Value for Money

We are required to consider the arrangements that the Trust has made securing financial resilience and economy, efficiency and effectiveness in its use of resources, if we identify any significant weaknesses to make recommendations, and to provide a narrative commentary on arrangements.

To perform this work, we are required to:

- Obtain an understanding of the Trust’s arrangements sufficient to support our risk assessment and commentary;
- Assess whether there are risks of a significant weakness in the Trust’s arrangements, and perform additional procedures if a risk is identified. If a significant weakness is identified, we report this and an accompanying recommendation;
- Report in our audit opinion if we have reported any significant weaknesses; and
- Issue a narrative commentary in our Auditor’s Annual Report on the arrangements in place.

Key Findings

Financial performance

Deficit	<p>The Group made a deficit for the year of £13.8m (£5.9m in 2022/23).</p> <p>The Group's adjusted financial performance deficit was £0.5m (£0.1m in 2022/23).</p>
Cash Position	<p>The Group's cash balance as at 31 March 2024 was £59.4m (£51.4m in 2022/23).</p>
Cost Improvement Programme	<p>The FY25 plan submitted in May 24 included a deficit position of £40.4m along with a cost improvement target of £31.5m, following system wide discussions a revised plan was submitted in June 24 which reported a breakeven position with the gap being closed through additional funding being provided to the Trust from the ICB of £25m and an increase in the CIP target to £37.4m. During FY24 the Trust delivered cost improvement savings of £28.7m against a target of £34.7m of which £9.4m was on a non-recurrent basis.</p>
NHS Oversight Framework	<p>To provide an overview of the level and nature of support required across systems and target support capacity as effectively as possible, NHS England and NHS Improvement have allocated trusts and ICB's to one of four segments. A segmentation decision indicates the scale and general nature of support needs, from no specific support needs (segment 1) to a requirement for mandated intensive support (segment 4).</p> <p>The Trust was rated as 3 in the current and prior year.</p>

Key Findings

Audit Findings

Financial Statements

Recommendations were raised in relation to improving the quality of the financial statements and working papers produced to support the financial statements which were accepted by management.

Whilst a number of errors were identified through the audit process, overall, there has been an improvement in the volume of errors identified in comparison to the 2022/23 audit.

Annual Report (including AGS and Remuneration Report)

Recommendations were raised in relation to improving the timeliness and quality of the annual report which were accepted by management. A number of errors were identified through the audit process.

Controls

A number of recommendations were raised related to control improvements as reported in our Final Report to the Audit & Assurance Committee dated 19 June 2024. Good responses to these were provided by management although we note that some control deficiencies identified in previous years are yet to be addressed.

Value for Money (VFM)

We identified three significant weaknesses which were reported in our Final Report to the Audit & Assurance Committee dated 19 June 2024. These were in relation to:

- Arrangements to secure financial sustainability, specifically how the Trust is able to achieve its cost improvement target for the year and governance arrangements;
- Governance arrangements, specifically the opinion of the Trust's Head of Internal Audit is that only 'limited' assurance can be placed on the framework of governance, risk and control; and
- Governance arrangements, specifically in relation to the foundation trust's reported significant delays in relation to ambulance handovers which resulted in additional review and scrutiny from the Secretary of State.

Audit Report

Our audit report was unmodified with the exception of reflecting the VFM significant weaknesses noted above.

Purpose of our report and responsibility statement

Our report is designed to help you meet your governance duties

What we report

Our report is designed to provide the Council of Governors of Gloucestershire Hospital NHS Foundation Trust with the key findings identified during the external audit of the Annual Report and Accounts for 2023/24 in line with the requirements of our terms of engagement.

Our report summarises the findings from our Final Report to the Audit & Assurance Committee dated 19 June 2024.

The scope of our work

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

Use of this report

This report has been prepared for the Council of Governors of Gloucestershire Hospitals NHS Foundation Trust, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose. Except where required by law or regulation, it should not be made available to any other parties without our prior written consent.

What we don't report

As you will be aware, our audit was not designed to identify all matters that may be relevant to Gloucestershire Hospitals NHS Foundation Trust.

Also, there will be further information you need to discharge your 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 the other procedures performed in fulfilling our audit plan.

Deloitte LLP

Bristol | 2 September 2024



This document is confidential and it is not to be copied or made available to any other party. 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.