A medical stethoscope with a black tube and silver chest piece is resting on a light blue clipboard. The clipboard has a white form with some text and lines, including the word 'WORKBOOK' and 'CHART 1'. The background is a blurred clinical setting with a blue container and a window with blinds.

Doncaster and
Bassetlaw Teaching
Hospitals NHS
Foundation Trust
Auditor's Annual
Report

Year ended 31 March 2022

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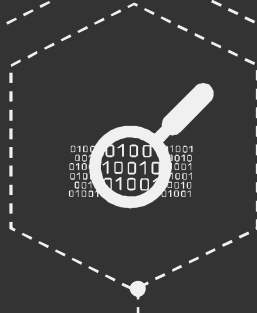
03 Value for Money



04 Appendix A – Value for Money Arrangements



05 Appendix B – Summary of all recommendations



06 Appendix C – Certificate



The contents of this report are subject to the terms and conditions of our appointment as set out in our engagement letter of 01/06/22.

This report is made solely to the Audit and Risk Committee, Board of Directors and management of Doncaster and Bassetlaw Teaching Hospitals NHS Foundation Trust in accordance with our engagement letter. Our work has been undertaken so that we might state to the Audit and Risk Committee, Board of Directors and management of Doncaster and Bassetlaw Teaching Hospitals NHS Foundation Trust those matters we are required to state to them in this 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 Audit and Risk Committee, Board of Directors and management of Doncaster and Bassetlaw Teaching Hospitals NHS Foundation Trust for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



Introduction

Purpose

The purpose of the auditor's annual report is to bring together all of the auditor's work over the year. A core element of the report is the commentary on value for money (VFM) arrangements, which aims to draw to the attention of the Trust or the wider public relevant issues, recommendations arising from the audit and follow-up of recommendations issued previously, along with the auditor's view as to whether they have been implemented satisfactorily.

Responsibilities of the appointed auditor

We have undertaken our 2021/22 audit work in accordance with the Audit Plan that we issued on 19 April 2022. We have complied with the National Audit Office's (NAO) 2020 Code of Audit Practice, other guidance issued by the NAO and International Standards on Auditing (UK).

As auditors we are responsible for:

Expressing an opinion on:

- The 2021/22 financial statements;
- The parts of the remuneration and staff report to be audited;
- The consistency of other information published with the financial statements, including the annual report; and
- Whether the consolidation schedules are consistent with the Trust's financial statements for the relevant reporting period.

Reporting by exception:

- If the governance statement does not comply with relevant guidance or is not consistent with our understanding of the Trust;
- To the Secretary of State for Health and Social Care if we have concerns about the legality of transactions or decisions taken by the Trust;
- If we identify a significant weakness in the Trust's arrangements in place to secure economy, efficiency and effectiveness in its use of resources;
- Any significant matters that are in the public interest; and
- Any significant issues or outstanding matters arising from our work which are relevant to the NAO as group auditor.

Responsibilities of the Trust

The Trust is responsible for preparing and publishing its financial statements, annual report and governance statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.



Introduction (continued)

2012/22 Conclusions

Financial statements	Unqualified – the financial statements give a true and fair view of the financial position of the Trust as at 31 March 2022 and of its expenditure and income for the year then ended. We issued our auditor's report on 23 June 2022.
Parts of the remuneration report and staff report subject to audit	We had no issues to report. Management made corrections to the remuneration report to include disclosures on pay multiples.
Consistency of the other information published with the financial statement	Financial information in the Annual report and published with the financial statements was consistent with the audited accounts.
Value for money (VFM)	We had no matters to report by exception on the Trust's VFM arrangements. We have included our VFM commentary in Section 03.
Consistency of the annual governance statement	We were satisfied that the annual governance statement was consistent with our understanding of the Trust.
Referrals to the Secretary of State	We made no such referrals.
Public interest report and other auditor powers	We had no reason to use our auditor powers.
Reporting to the Trust on its consolidation schedules	We concluded that the Trust's consolidation schedules agreed, within a £300,000 tolerance, to the audited financial statements.
Reporting to the National Audit Office (NAO) in line with group instructions	The NAO included the Trust in its sample of Department of Health component bodies. We had no matters to report to the NAO.
Certificate	We will issue our certificate at the same time as this report, and it is included as an appendix to this report.



Audit of the financial statements

Key findings

The Annual Report and Accounts is an important tool for the Trust to show how it has used public money and how it can demonstrate its financial management and financial health.

On 23 June 2022, we issued an unqualified opinion on the financial statements. We reported our detailed findings to the 23 June 2022 Audit and Risk Committee meeting. We outline below the key issues identified as part of our audit, reported against the significant risks and other areas of audit focus we included in our Audit Plan. We reported 5 internal control recommendations and 7 areas for improvement in the control environment in the Audit Results Report.

Significant risk	Conclusion
Management override of controls	Our audit work found no indication of fraud in either revenue or expenditure balances.
Risk of manipulation of reported financial performance	We have not identified any material weaknesses in the recognition of expenditure. We have not identified any instances of inappropriate judgements or estimates being applied.
Misstatements due to fraud or error – capitalisation of revenue expenditure	Our work did not identify any material weaknesses in controls or evidence of material management override concerning the capitalisation of revenue expenditure. Our work did not identify any instances of inappropriate judgements being applied. Our work did not identify any other transactions during our audit which appeared unusual or outside the Trust's normal course of business.
Implementation of new Fixed Asset Register (FAR) system	The exercise by management identified accumulated errors in the data held in the old system. The way this had been presented in the draft financial statements was not correct and required representing as a prior year adjustment. We identified no further issues relating to the implementation of the new system.

We did not identify any risks of significant weaknesses in the Trust's VFM arrangements for 2021/22.

Our VFM commentary highlights relevant issues for the Trust and the wider public.

We had no matters to report by exception in the audit report.

Scope

We are required to report on whether the Trust has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. We have complied with the guidance issued to auditors in respect of their work on value for money arrangements (VFM) in the 2020 Code of Audit Practice (2020 Code) and Auditor Guidance Note 3 (AGN 03). We presented our VFM risk assessment to the 19 April 2022 Audit and Risk Committee meeting which was based on a combination of our cumulative audit knowledge and experience, our review of Trust board and committee reports, meetings with the Acting Director of Finance and evaluation of associated documentation through our regular engagement with Trust management and the finance team.

Reporting

We completed our risk assessment procedures in March and April 2022 and did not identify any significant weaknesses in the Trust's VFM arrangements. We identified significant risks related to all of the reporting criteria as part of our risk assessment procedures. We set out our planned response in our Audit Plan. We had no matters to report by exception in the audit report on the financial statements. We include within the VFM commentary below the associated recommendation(s) we have agreed with the Trust.

Our commentary for 2021/22 is set out over pages 11 to 15. The commentary on these pages summarises our conclusions over the arrangements at the Trust in relation to our reporting criteria (see below) throughout 2021/22. Appendix A includes the detailed arrangements and processes underpinning the reporting criteria. These were reported in our 2020/21 Annual Auditors Report and have been updated for 2021/22.

In accordance with the NAO's 2020 Code, we are required to report a commentary against three specified reporting criteria:

Reporting criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability: How the Trust plans and manages its resources to ensure it can continue to deliver its services	The challenging financial outlook for 2022/23 and beyond has led us to identify a significant risk in this area.	No significant weaknesses identified
Governance: How the Trust ensures that it makes informed decisions and properly manages its risks	Significant risk identified due to the volume of changes experienced by the Trust at Senior Executive level.	No significant weaknesses identified
Improving economy, efficiency and effectiveness: How the Trust uses information about its costs and performance to improve the way it manages and delivers its services	Significant risk identified in relation to the challenging capital programme the Trust faces	No significant weaknesses identified



Value for Money (continued)

Financial Sustainability: How the Trust plans and manages its resources to ensure it can continue to deliver its services

In 2021/22 the Trust reported a £2.6m surplus against a planned surplus of £0.1m 2021/22, this position was achieved as a result of receiving income from the Elective Recovery Fund in recognition of its activities recovering elective performance and utilising non-recurrent, mainly Covid related, additional funding streams.

For the 2022/23 financial year the Trust approved a £25m deficit plan at the April meeting of the Board. The Trust is operating within a financially challenged ICS and prior to Board approval there were discussions with the ICS regarding the Trusts contribution to the overall financial position. The Board outlined that achievement of the £25m deficit plan would be challenging and subject to significant risk; and would also be difficult to achieve without impacting service delivery and the aim to increase activity to address the increases in patient waiting times that have arisen as a result of the Covid19 pandemic. The 2022/23 NHS financial planning process has yet to be concluded and we are aware from discussions with management that as at June 2022 there may be more funding available which if agreed will result in a significant reduction to the planned £25m deficit position for 2022/23. (Expected: £10m deficit plan)

Currently the Trust's 2022/23 financial plan includes the delivery of CIP savings programme of 4% of Trust income which equates to a target of £19.3m. Such a target is very challenging level and is higher in comparison to pre-pandemic CIP achievement by the Trust. Prior to the pandemic the Trust delivered £11.2m CIP against a £16m target in 2019/20. At present £4.5m of the 2022/23 CIP target is currently unidentified with £3.8m being planned to be delivered via non-recurrent measures. The 2022/23 measures include a £4.7m reduction in the annual leave accrual, which will require significant annual leave being taken thereby potentially reducing the level of staff resource available in another critical year for the Trust.

Whilst the conclusion of the 2022/23 NHS Financial Planning process may result in a more achievable financial plan for the Trust the ongoing financial outlook is not without risk and it will require tight financial control, strong CIP monitoring and timely action to identify mitigating plans be taken where non-delivery of financial targets becomes likely.

Conclusion: The Trust had the arrangements we would expect to see in 2021/22 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.

Recommendation: We recommend that the Trust take action to ensure there is strong CIP monitoring and timely action to identify mitigating plans if the non-delivery of financial targets becomes likely.



Value for Money (continued)

Governance: How the Trust ensures that it makes informed decisions and properly manages its risks

The Trust has in place an appropriate governance framework and committee to make informed decisions and manage risks. Our commentary in Appendix A contains more detail.

In our Audit Planning Report we outlined to the Audit and Risk Committee that we had identified one risk in this area in relation to the senior executive capacity which fell within our VFM informed decision making criteria. During 2021/22 there had been changes to the composition of the Trust Board. The Trust intended to increase capacity at this level, however, this had not yet been realised with the departure of the Chief Operating Officer and the secondment of the Chief Nurse to NHS England. Our work focused on reviewing the arrangements in place to identify, mitigate and manage the risks associated with changes to the Board; and understanding how roles and responsibilities have adapted to ensure continuity is maintained and short-term capacity remains sustainable. Based on the findings of our we are satisfied that management had proper arrangements in place to identify and manage the risks associated with changes at Board level

Conclusion: The Trust had the arrangements we would expect to see in 2021/22 to enable it to make informed decisions and properly manage its risks.

Recommendation: Capacity at the Senior Executive level remains a risk and requires monitoring closely.



Value for Money (continued)

Improving economy, efficiency and effectiveness: How the Trust uses information about its costs and performance to improve the way it manages and delivers its services

Delivering services within the Covid-19 environment has been a challenging task for the Trust. Whilst the changes to NHS funding arrangements for 2021/22 as a result of Covid created more certainty in respect of funding streams delivering effective and efficient services posed a real challenge to maintain standards of care against a background higher levels of staff absence, addressing the healthcare challenges associated with the pandemic and achieving adjusted elective treatment targets to reduce the backlog of increases in patients waiting times.

Specifically for the Trust, these challenges have been against a backdrop of an aging estate that was not designed to meet the current needs of the Trust to deliver modern healthcare services. The most significant portion of which, the Doncaster Royal Infirmary, has been earmarked as a potential beneficiary of the Government's Health Infrastructure Plan to build eight new hospitals, whilst the outcome of the Trust's new hospital bid is being considered there remains a need to address deteriorations in the current estate. In our Audit Planning Report we outlined to the Audit and Risk Committee that we had identified a risk of significant weakness in this area. In response to the risk we identified we reviewed the progress and developments with the bid to construct a new site; assessing the governance arrangements for considering the future of the Doncaster Royal Infirmary site. This included reviewing Trust's estates strategy; option appraisal and discussions with the Interim Director of Finance, who has responsibility for estates. We also cross-referenced these plans with the Trust's risk register and scrutinised where unidentified risks may exist, or whether risks were not appropriately mitigated or funded. On the basis of the work that we performed, we were satisfied that management had proper arrangements in place to identify and manage the risks of the current condition of the Trust site.

Conclusion: The Trust had the arrangements we would expect to see in 2021/22 to enable it to use information about its costs and performance to improve the way it manages and delivers services.

Appendices



Building a better
working world

Appendix A – Summary of arrangements

Financial Sustainability

Reporting Sub-Criteria	Findings
How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them	The Trust recognise financial sustainability and the pressures faced as a risk in the risk register. The risk register includes actions to mitigate the risk to manage the short and medium-term impact on service delivery. These are managed through formal monthly internal reporting on financial pressures, performance against plan and the Trust’s liquidity position as well as external reporting to NHSI on the progress against plans. The risk register is considered frequently by the executive team and is a regular item for Board consideration and that it is subject to review by the Audit and Risk Committee.
How the body plans to bridge its funding gaps and identifies achievable savings	<p>In recent years the Trust has a record of achieving sufficient savings and meeting agreed control totals. However, since 2020-21 savings requirements were suspended as part of national transitional arrangements in response to the pandemic. There exist arrangements to develop mitigating plans in cases where programmes fall behind schedule; management conduct fortnightly performance meetings to monitor plans and progress.</p> <p>The Trust has submitted a plan for 2022/23 that continues to be adapted following discussion with the ICS and scrutiny from both the Trust Board and the ICS. The Trust formally reports revenue and capital position against their plan to the Finance and Performance Committee on a monthly basis. The Trust reported a cash position at 31 March 2022 which provides significant liquidity for the difficult challenges posed by the following financial year.</p>
How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	<p>The Trust has a vision and a long-term strategic plan which articulates how it will deliver its statutory responsibilities. The Trust translates this into an annual operating plan including the financial plans for enabling sustainable delivery of services. This forms the basis of monthly Trust Board reporting.</p> <p>For 2021/22 the national planning process was suspended in response to the pandemic. Prior to this suspension, the Trust had prepared and submitted financial plans and savings targets to meet the agreed control total. In line with other NHS bodies, the certainty of the future funding arrangements as part of the 2022/23 financial planning round has yet to be concluded. While we have not identified any risks to continuing service delivery, the absence of detailed medium term financial planning creates significant financial risk.</p>
How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system	The Trust reports to each Board meeting on key performance areas including Quality and Effectiveness; People and Organisational Development; and Finance and Performance. The Trust’s financial plans include reporting on these “True North” strategic areas as part of its mechanisms for monitoring the achievement of targets for each of the key performance areas. Monthly reporting on the financial position to the Finance and Performance Committee links financial risks to strategic risks.
How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans	<p>The Trust management have maintained appropriate risk management and governance processes throughout the year. The Finance and Performance Committee review a monthly performance report which is then presented to the Board. The report includes actual year to date financial outturn performance as well as the expected/projected outturn position for the financial year. The report also highlights risks to achieving the planned outturn position, any changes to the original plan and how the Trust plans to address new risks.</p> <p>The changes made by the Department of Health and Social Care to the financial framework in for 2020/21 continued into the 2021/22 financial year. The Trust recognises failure to achieve compliance with financial performance and achieve financial plan within its risk register demonstrating how the Trust identifies significant financial pressures and builds them into their short term and medium-term plans.</p>

Appendix A – Summary of arrangements (continued)

Governance

Reporting Sub-Criteria

Findings

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

The Trust's Board Assurance Framework (BAF) is refreshed annually to match its strategic aims and align to strategic priorities and risks. The BAF outlines the actions being undertaken by the Trust to provide assurance that risks are being mitigated to an acceptable level, and is reviewed and updated by the senior management team. The Board of Directors have responsibility for oversight of the BAF.

The Board committee calendar ensures up-to-date information is provided to meetings for scrutiny and assurance. The Trust has a Risk Identification and Management Policy in place and the Board Assurance Framework and Corporate Risk Register provide the framework through which high-level risks are considered. The Board and committees receive and review the BAF and Risk Register on a frequent basis.

The Board of Directors monitors a series of quality measures and objectives on a monthly basis. Risks to the quality of care are managed and monitored through robust risk management and assurance processes. The committees of the Board, particularly the Quality and Effectiveness Committee and the People Committee, play a key role in quality governance, receiving reports and using internal audit to test the processes and quality controls in place. This enables rigorous challenge and action to be taken to develop services to enable improvement. The Board gives regular consideration to ensuring service quality in all aspects of its work, including changes to services and cost improvement plans. The Board proactively works to identify and mitigate potential risks to quality.

The Trust has a sound and embedded control environment in place. Relevant policies and procedures are in place and used in practice. We identified no issues of concern from the work we have completed.

The Trust has appropriate fraud prevention policies in place. The annual programme of counter fraud work agreed by the Audit and Risk Committee includes fraud prevention. and the committee received reports from the counter fraud specialist throughout the year.

How the body approaches and carries out its annual budget setting process

The Trust has a track record of submitting planning, key data and final financial information to NHSI in line with agreed timetables. The external national planning process has been suspended with a national approach in response to the pandemic.

The Trust's internal budgeting and budget monitoring process has continued throughout the year and reported through Finance and Performance committee monthly.

The Trust develops its financial plan and budget using dual processes:

- Top down: where the Trust quantifies the core financial gap to assess its affordability envelope and inform the scale of the efficiency expectation for forthcoming year. This is developed through the application of national and local planning assumptions, as well as known commitments.
- Bottom up: where the Trust develops a granular level of activity, income, expenditure, workforce, capacity and efficiency planning.

There remains uncertainty over the final income allocations for 2022/23 and beyond due to the current national and local arrangements.

Appendix A – Summary of arrangements (continued)

Governance (continued)

Reporting Sub-Criteria	Findings
<p>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 where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed</p>	<p>The Trust has the appropriate arrangements in place to set, approve and monitor budgets. The Trust's internal budgeting and budget monitoring process has continued throughout the year, reviewed by management and subsequently reported through the Finance and Performance Committee monthly.</p> <p>Reporting to the Board also includes non-financial management information on all the Trust's key performance areas.</p> <p>Budget meetings with budget holders were maintained throughout the year and formed the basis for reviewing variances from the base.</p> <p>Throughout the year, monthly reporting on pay and non-pay cost variance analysis, as well as reporting against capital programme progress, has been the source of executive oversight to enable budget monitoring and therefore assess the sustainability of future financial plans.</p>
<p>How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/Audit and Risk Committee</p>	<p>The effective operation of the Board, supported with regular, clear and relevant information, is the Trust's key tool for ensuring that it makes properly informed decisions. Published Board papers are presented with header sheets that provide consideration of the key elements of the Trust strategic aims the report relates to, demonstrating the Board is informed of the relevant areas in making decisions. These executive summaries also draw out the implications in terms of legislation, regulation and resources. The minutes evidence the challenge made by non-executive members and the transparency in decision making.</p> <p>The Audit and Risk Committee is comprised of appropriately skilled and experienced members, it has clear terms of reference which emphasises the Committee's role in providing effective challenge and has an annual work plan to help ensure that it focuses on the relevant aspects of governance, internal control and financial reporting.</p> <p>Recently turnover at the Executive Level has been high and as such capacity at the senior level represents a risk which requires close monitoring by the Trust.</p>
<p>How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests)</p>	<p>The Trust has appropriate Governance structures in place to assure itself that appropriate standards and regulations are met. Declarations of interest are a standing item in all board and Audit and Risk Committee meetings.</p> <p>The Audit and Risk Committee, oversee an annual programme of work that is part of a suite of actions the Trust has in place to monitor adherence to clinical and care related standards and requirements.</p> <p>The Trust has policies and procedures in place to ensure that staff operate in accordance with relevant legislative and regulatory requirements. These policies and procedures are reviewed and revised regularly.</p> <p>Safety and quality is monitored by the Quality and Effectiveness Committee, which holds quarterly learning sessions on patient safety.</p>

Appendix A – Summary of arrangements (continued)

Improving economy, efficiency and effectiveness

Reporting Sub-Criteria	Findings
<p>How financial and performance information has been used to assess performance to identify areas for improvement</p>	<p>The Trust report and monitor financial and non financial performance information through internal governance frameworks. The Board and Audit and Risk Committee oversee financial performance with formal monthly reporting on outturns and financial performance at Finance and Performance Committee monthly meetings.</p> <p>The Board receives reports on performance in its key areas, which include Quality and Effectiveness; People and Organisational Development; and Finance and Performance. The reports clearly outline performance against planned targets and outcomes. Depending on the performance area, a Board committee will have oversight of the actions being identified and taken to address areas where performance is below plan. Each committee has a process in place for monitoring agreed actions and these are then included in subsequent Board reports.</p>
<p>How the body evaluates the services it provides to assess performance and identify areas for improvement</p>	<p>The integrated performance report identifies the key performance indicators for key service areas. These are monitored on a regular basis by the Board and Finance and Performance committee and where appropriate for areas performing below target requirements action is taken to address. Safety and quality is monitored by the Quality and Effectiveness Committee, which holds quarterly learning sessions on patient safety.</p> <p>The Trust reports performance across its operations in the monthly reporting to the Board against national and local indicators. Where performance is below plan these reports highlight the action being taken to seek the required improvement.</p> <p>The Trust was last inspected by the Care Quality Commission in February 2020 and was rated 'Good' overall and 'Good' in all areas.</p> <p>The Trust publishes an annual Quality Report outlining its performance against a wide range of quality measures. Prior to the pandemic the Quality Report was published as part of the Annual Report and elements were subject to audit. This requirement has been removed and the report is published separately.</p>
<p>How the body 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</p>	<p>The Trust reports internally on system working and working with commissioners. The Trust reports it has maintained good and supportive relationships with lead commissioners and on the strengthened collaboration and mutual aid between providers and commissioners as part of reporting to Audit and Risk Committee the preparation for production of the annual report.</p> <p>The Trust has an established Finance and Performance Committee which provides oversight of its active partnership role within the local Integrated Care System. The same Committee also receives regular reports from Service Leads on other partnership working and engagement with stakeholders including local CCGs and local authorities. The Committee has a remit to request that Service Leads take action where significant partnerships are not delivering the performance or outcomes that the Trust expects. The Board has a duty to work in partnership with service users, carers, local health organisations, local government authorities and others to provide safe, effective, accessible, and well governed services for patients</p>

Appendix A – Summary of arrangements (continued)

Improving economy, efficiency and effectiveness (continued)

Reporting Sub-Criteria	Findings
How the body ensures that commissioning and procuring services is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits	<p>Doncaster & Bassetlaw Teaching Hospitals NHS Foundation Trust is an acute provider and the majority of its services are commissioned by local CCGs and some specialist services by NHS England. The Trust monitors outcomes through its governance framework, reporting internally to board and committees and externally via the Annual Governance Report.</p> <p>For procurement, the Trust uses national contracts or agreements wherever possible, primarily through NHS Supply Chain, the Crown Commercial Service and NHS Commercial Alliance. Where it is not possible to use a national agreement, contracts are advertised in the public domain via the government portal Contracts Finder. The Audit and Risk Committee review cases where single tender waivers have been performed and assess the conditions around such incidences.</p>

Appendix B – Summary of all recommendations

Recommendations

The table below sets out all the recommendations arising from the financial statements and value for money audits in 2021/22. All recommendations have been agreed by management.

Issue	Recommendation	Management Response
Financial statements: PPE/ Capital Accounting	<p>During 2021/22 the Trust implemented a new Fixed Asset Register (FAR) using the NHS Shared Business Services module. The Trust have experienced difficulties in the year to obtain the appropriate output from the system.</p> <p>The Trust should work with NHS SBS to identify the root cause of the issues experienced and ensure that lessons are learned to reduce the likelihood of further problems being experienced in the future.</p>	<p>We agree that further work is required on the new fixed asset register to ensure it is fully operational and producing all required outputs following implementation and points raised by external audit. It should be noted that there were no material impacts on the values included in the primary financial statements from the work undertaken by External Audit. The Trust will continue to dual run the revaluation process on both the system and spreadsheet to ensure that the financial position of the revaluation is reported as accurate.</p>
Financial statements: PPE/ Capital Accounting	<p>As part of the migration to the new FAR in year, management have uncovered significant nil value assets that had previously been fully depreciated. The draft statements did not account for these correctly and a prior year adjustment has been necessary to correct this.</p> <p>Management should ensure that information from the FAR is reviewed and cleansed and ensure applicable assets are assessed at the end of their accounting lives and written out of the FAR when no longer in use.</p>	<p>We agree that further work is required on the new fixed asset register to ensure it is fully operational and producing all required outputs following implementation and points raised by external audit. It should be noted that there were no material impacts on the values included in the primary financial statements from the work undertaken by External Audit, rather that through the implementation of the FAR the prior year disclosure adjustment was identified. It was because of the review, identifying nil NBVs as part of the migration exercise, that meant the Trust were in a position to do the cleanse on the system. The previous system did not easily allow for this review to take place, but we have managed to perform this in year.</p>
Financial statements: Accruals / Payables	<p>Through the process of identifying a sample of accruals to test, we encountered manual adjustments that moved accrued balances that had been invoiced into the payables balance. This supporting information for these manual adjustments was not well documented.</p> <p>Management should ensure that there is a full list of items being transferred to support manual adjustments and that such supporting information is retained for audit purposes.</p>	<p>Following a review of financial reporting improvements from the previous year end, a review at year end was undertaken by the finance team to correctly identify which items should be disclosed as payables rather than accruals. Whilst this improved the quality of the accounts, it is accepted that the working papers need to be improved for the next financial year.</p>

Appendix B – Summary of all recommendations

Recommendations

The table below sets out all the recommendations arising from the financial statements and value for money audits in 2021/22. All recommendations have been agreed by management.

Issue	Recommendation	Management Response
Financial statements: Prepayments	<p>Our testing of prepayments identified balances that had been raised for prepayments where the invoice had been received but the expenditure related to the following financial year (2022/23). Given that that the invoice had not been settled, nor had any service or good been received, these were incorrect.</p> <p>Where the general ledger generates balances automatically for orders not yet invoiced, a manual exercise should be conducted to remove transactions where an obligating event has not yet occurred.</p>	<p>Following a review of financial reporting improvements from the previous year end, a manual exercise was performed this year end, however this still led to some issues and therefore a further review of the system and improved manual processes will be implemented for the next year end.</p>
Financial statements: IFRS 16 - Leases	<p>Our review of the preparedness of the Trust for implementing the new accounting standard has found that although significant work has been performed, there were errors in the application of the exercise.</p> <p>The Trust should ensure that when new accounting standards are being implemented there is appropriate time provided to adequately review the requirements and perform quality assurance on disclosures.</p>	<p>As part of the ongoing work with regards to the standard, additional lease information was received late in the accounts preparation process which did not allow for a timely review. This should not be an issue as the Standard becomes embedded into Business As Usual.</p>
Financial statements: Early invoice agreements	<p>We identified a “vesting certificate” also referred to as an early invoice agreement to support the inclusion of some goods that had not been received, invoiced or paid for. The certificate was not signed nor could we find suitable evidence to support the inclusion of the capital spend in the 2021/22 financial statements.</p> <p>The use of early invoice agreements has not been widespread at the Trust in 2021/22, but should this increase in future, the Trust should ensure compliance with the conditions set out in the certificate including obtaining internal approval.</p>	<p>A review of the use of vesting certificates will be undertaken ensuring appropriate documentation is signed.</p>
Financial statements: Policy Review Dates	<p>We identified a small number of policies that had past their review dates.</p> <p>The Trust should ensure policies are reviewed and updated in a timely fashion</p>	<p>These relate to Trust wide policies, this will be escalated to the Policy Review Group</p>

Appendix B – Summary of all recommendations

Recommendations

The table below sets out all the recommendations arising from the financial statements and value for money audits in 2021/22. All recommendations have been agreed by management.

Issue	Recommendation	Management Response
Financial statements: Payroll Reconciliations	<p>We observed one reconciliation in our walkthrough of the transaction process that had been marked as reviewed, but no date had been included for either the date of preparation or review.</p> <p>Preparers and reviewers of reconciliations should be reminded of their responsibilities in signing and dating reconciliations to provide adequate evidence that the control environment is operating effectively.</p>	This will be recommunicated to all finance staff members and reviewed on a quarterly basis by the Deputy Director of Finance
Financial statements: Remuneration Report	<p>We identified that areas of the remuneration report had not been completed in line with the applicable guidance. Management have amended the statements for these errors that were related to the Fair Pay Comparison.</p> <p>The Trust should remain alert to where guidance is updated to ensure the Annual Report is fully compliant.</p>	This will be recommunicated to all those involved in the preparation and review of the annual report.
Financial statements: Significant Contracts	<p>We identified three contracts that were present in the contract register in prior year that were omitted on migrating the contract data from the previous e-tendering system.</p> <p>Management should ensure the contract register is kept up to date and that data held in the old e-tendering system (Intend) has been transferred correctly, and completely, into the new system (Atamis)</p>	In future a manual check will also be implemented for any migration process. However it should be noted that the transfer to another system will probably be at least 4 years away if not longer as this is a national system that the Trust was mandated to use.
Financial statements: General Ledger Controls	<p>As part of our data first audit approach, we obtain the full general ledger download. Within that data, we identified a journal, raised by SBS, that did not balance. It is our understanding, and the understanding of management, that within the Oracle system, an unbalance journal should not be possible.</p> <p>The Trust are seeking an explanation from SBS as to how the issue was possible within the ledger. We consider the issue immaterial for the conclusion of the audit.</p>	We have requested a review by SBS into the issue and await a response. Depending on this, the relevant action will be taken
Financial statements: HR/Payroll	<p>We identified documentation not signed and held centrally on file.</p> <p>The Trust should ensure that there arrangements are in place to ensure contracts are signed and retained.</p>	The Trust will continue to communicate to Divisions the importance of having in place signed contract documentation with employees. It should be noted this performance has improved compared to previous years.

Appendix B – Summary of all recommendations

Recommendations

The table below sets out all the recommendations arising from the financial statements and value for money audits in 2021/22. All recommendations have been agreed by management.

Issue	Recommendation	Management Response
Value for Money: Financial Sustainability	We recommend that the Trust, in their on-going budget monitoring, escalate risks of non-delivery of the agreed deficit position, both within the South Yorkshire ICS and also nationally, alongside maintaining robust CIP monitoring.	Agreed – financial performance including financial risks and CIP delivery will continue to be reported and escalated to the Finance and Performance Committee, Trust Board and the ICB.
Value for Money: Governance	Capacity at the Senior Executive level remains a risk and requires monitoring closely.	Executive capacity is now in place on an interim basis including the COO whilst appointment to substantive roles is being undertaken in year. Recruitment to substantive roles is currently on track.



Appendix C – Certificate

Certificate

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF GOVERNORS OF DONCASTER AND BASSETLAW TEACHING HOSPITALS NHS FOUNDATION TRUST

Issue of audit opinion on the financial statements

In our audit report for the year ended 31 March 2022 issued on 23 June 2022 we reported that, in our opinion, the financial statements:

- gave a true and fair view of the financial position of Doncaster and Bassetlaw Teaching Hospitals NHS Foundation Trust as at 31 March 2022 and of its income and expenditure for the year then ended;
- gave a true and fair view of the financial position of the Group as at 31 March 2022 and of its expenditure and income for the year then ended; and
- had been prepared properly in accordance with the Department for Health and Social Care's Group Accounting Manual 2020/21 and the directions under paragraphs 24 and 25 of Schedule 7 of the National Health Service Act 2006 (as amended by the Health and Social Care Act 2012).

Certificate

In our report dated 23 June 2022, we explained that we could not formally conclude the audit on that date until we had completed our procedures on the Foundation Trust's value for money arrangements for the year ended 31 March 2022. We have now completed our procedures and no matters have come to our attention that would have resulted in a different opinion on the financial statements or additional exception reporting on significant weaknesses in the Foundation Trust's value for money arrangements.

We certify that we have completed the audit of the accounts of Doncaster and Bassetlaw Teaching Hospitals NHS Foundation Trust in accordance with the requirements of Chapter 5 of Part 2 of the National Health Service Act 2006 and the Code of Audit Practice issued by the National Audit Office on behalf of the Comptroller and Auditor General.

Hassan Rohimun

For and on behalf of Ernst & Young LLP

Manchester

14 July 2022

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