

A photograph of a medical setting. In the foreground, a silver and black stethoscope is prominently displayed, resting on a light blue clipboard. The clipboard holds several white medical forms with printed text, including words like 'INSURANCE', 'Reason for', 'Workplace', and 'Client'. The background is softly blurred, showing a light blue container with pens and a window with blinds, creating a clean, professional atmosphere.

Isle of Wight NHS
Trust
Auditor's Annual
Report

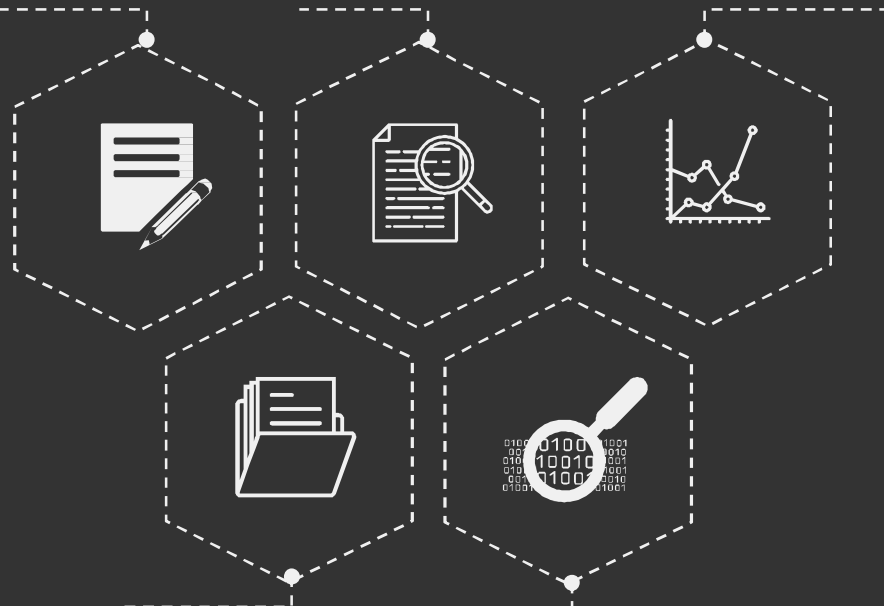
Year ended 31 March 2022

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The contents of this report are subject to the terms and conditions of our appointment as set out in our engagement letter of 13 April 2021.

This report is made solely to the Audit Committee, Board of Directors and management of Isle of Wight NHS Trust in accordance with our engagement letter. Our work has been undertaken so that we might state to the Audit Committee, Board of Directors and management of Isle of Wight NHS 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 Committee, Board of Directors and management of Isle of Wight NHS 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 17 February 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	<p>Qualified – Limitation of Scope on Inventory balances as at 31 March 2021.</p> <p>Our opinion on the audited financial statements was qualified because we were unable to satisfy ourselves concerning the inventory quantities held at 31 March 2020, which were included in the balance sheet at £2.862 million. This was due to the Covid-19 restrictions in place as at that date. Consequently, we were unable to determine whether there was any consequential effect on the operating expenses for the year ended 31 March 2021. Our audit opinion on the financial statements for the year ended 31 March 2021 was modified accordingly. Our opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current year's and the corresponding year's operating expenses.</p> <p>This is the third and final year that this matter will impact our audit report.</p>
Parts of the remuneration report and staff report subject to audit	We had no matters to report.
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 a referral to the Secretary of State and NHS Improvement on 10 June 2022, under s30 of the Local Audit and Accountability Act 2014. This referred to the Trust's cumulative deficit, which breached its statutory breakeven duty
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	We had no matters to report to the NAO.
Certificate	We issued our certificate on 20 June 2022

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 20 June 2022, we issued a qualified opinion on the financial statements.

We reported our detailed findings to the 15 June 2022 Audit 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 did not report any internal control recommendations or areas for improvement in the control environment in the Audit Results Report.

Significant risks

Conclusion

Misstatement due to fraud or error

Our audit work found no indication of fraud.

Risk of fraud in income and expenditure recognition

We have not identified any material weaknesses in the recognition of revenue and expenditure. We have not identified any instances of inappropriate judgements or estimates being applied.

Other risks

Conclusion

Valuation of land and buildings

Our audit work found no indication management bias in the valuation of land and buildings. Assets were appropriately classified and inputs and assumptions used were appropriate.

During our other testing procedures of property, plant and equipment we identified the Trust had made a prepayment in relation to reconfiguration works for two new buildings and recognised this transaction as an asset under construction rather than a prepayment. The value of the error was £1.29m.

Going concern

Our audit work has not identified any evidence that suggests the Trust's use of the going concern assumption is inappropriate, and there is no indication that government will curtail services that are provided by the Trust.

The Trust has not identified any material uncertainties through its assessment, including its cashflow forecast that shows sufficient liquidity through the going concern period through to June 2023.

We have reviewed the Trust's going concern disclosures and were satisfied with the adequacy and sufficiency thereof.

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 2 March 2022 Audit Committee meeting which was based on a combination of our cumulative audit knowledge and experience, our review of Trust and committee reports, meetings with the Director of Finance and evaluation of associated documentation through our regular engagement with Trust management and the finance team.

We identified a risk of significant weaknesses in the Trust's VFM arrangements in relation to financial sustainability.

Reporting

We completed our planned VFM arrangements work in June 2022. Our work on the identified significant risk did not identify an actual significant weakness in the Trust's arrangements. Therefore, we had no matters to report by exception in the audit report on the financial statements.

Our commentary for 2021/22 is set out over pages 7 to 10. 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	Yes	No significant weaknesses identified
Governance: How the Trust ensures that it makes informed decisions and properly manages its risks	No significant risks identified	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	No significant risks identified	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

The Isle of Wight NHS Trust has improved the management of financial pressures consistently over the last two years, reporting small surplus in 2020/21 and 2021/22, having reported year-on-year deficits for a number of years prior to 2020/21.

The Trust Board approved a deficit plan for the first half of the year (April to September) of £3 million, and a £3.9 million deficit plan for the second half (October to March). This gave a total deficit plan for 2021/22 of £6.9 million.

As part of the Trust's exit from financial special measures it was agreed with NHSEI's System Oversight Committee that the Trust develop a balanced 2021/22 financial position. The Trust submitted a breakeven forecast position at the end of month 9 and ultimately achieved a small surplus of £32k by:

- securing additional funding from within the ICS
- additional central funding from NHSE; and
- taking internal actions demonstrating management and control of its budgets.

We note that the Trust has continued to actively monitor any short-term financial pressures throughout the year. When these pressures have been identified, strategies have been put in place to mitigate them. These strategies have then been subject to frequent review and adjusted as required. Actions were put in place to mitigate these risks and we have evidenced the monitoring of these risks and mitigations through our review of the minutes for the Finance and Infrastructure Committee. The Trust also uses a Programme Management Office (PMO) to support identifying and delivering efficiency programmes with oversight provided by an Executive led Strategic Finance Group.

The Trust has submitted a financial plan for 2022/23 with a deficit of £22.5m. This contains elements of both operating and structural deficits. It is driven principally by:

- significant income reduction (£21.0m) over 2021/22 outturn, equating to an 8% reduction; and
- Key cost drivers of: getting to good, ambulance capacity, inability to exit COVID costs at the same pace as the income reductions, excess inflationary pressures and unavoidable investments.

The Trust continues to engage and have arrangements to address both aspects. National planning also continues which we anticipate will improve the deficit plan but is yet to be finally confirmed.

The Trust is engaging with the Hampshire and Isle of Wight Integrated Care System (HIOW ICS) regarding the operating plan. All organisations within the HIOW ICS are being asked to take action to reduce the ICS' financial gap. The Trust will continue to review its position with the priority being to secure their £10m CIP programme and COVID cost reduction plan.



Value for Money (continued)

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

Prior to the pandemic they had begun work on identifying its structural deficit and had engaged support to assist with this work. The original work identified a £15.3m structural challenge related to the provision of health services 'on Island', after taking account of some existing support. Post pandemic, this is being updated to a timeline of the end of June 2022, so ensure any changes in national funding flows or any other factors are identified.

Month 1 of 2022/23 shows a small adverse variance against the plan, but the forecast outturn remains on plan at £22.5 million deficit. There was a shortfall against savings plans of £57,000 in month 1 but the forecast outturn remains on plan to achieve the £10m. The Finance PMO Team monitor progress against the Cost Improvement Programme targets.

While there are clearly significant pressures in the NHS, and factors specific to the Island's services due to its location, we are satisfied that the Trust has appropriate arrangements in place to identify and manage these, with an aim to improve financial sustainability.

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.



Value for Money (continued)

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

Primary oversight in relation to making decisions and managing risk lies with the Trust Board, with some delegated responsibilities (such as risk and financial management) to the Audit Committee and the Finance and Infrastructure Committee which report to the Trust Board.

The Trust Board is responsible for setting and developing the strategic direction of the Trust, sustaining business viability and holding the executive directors to account for all aspects of the Trust's activities, including quality and safety of patient services, financial management and legal compliance. The role also includes seeking assurances from the executive directors that risks to the Trust are being appropriately assessed and managed.

There has been a strong focus throughout the year on the Trust exiting both quality and financial special measures and making services clinically and financially sustainable. We have seen evidence throughout the year of the Trust monitoring monthly progress against the Care Quality Commission (CQC) recommendations and the Trust received a rating of 'Good' overall in September 2021 and exited quality special measures. The Trust also received a ratings of 'Good' in all areas, including 'Well-led'.

For 2021/22 a new strategic risk has been added to the BAF "Challenges in delivering a Long Term Financial Plan", in recognition of the financial undertakings agreed with NHSEI as discussed further below.

During the year NHSEI's System Oversight Committee reviewed and noted the progress made by the Trust to date in managing its finances and agreed an intent to approve a transition to exit financial special measures and also reflected on the Trust's progress in quality and governance evidenced through the CQC rating of 'Good', the improvements in culture and staff engagement at the Trust and effective support from partners including a vision for future services.

The Trust exited financial special measures in January 2022. As part of exiting financial special measures the Trust has agreed and accepted a set of financial undertakings with NHSEI accompanied by a mandated support package as the Trust transitions out of financial special measures. These were agreed in March 2022 and includes the appointment of two Financial Improvement Directors as well as developing a financial improvement plan aligned to the wider system financial planning. The Trust has already actioned these.

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.



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

The Director of Finance oversees the adoption and operation of the Trust's Standing Financial Instructions including the rules relating to budgetary control, procurement, banking, losses and controls over income and expenditure transactions, and is the lead for counter fraud. The Director of Finance reports to the Finance and Infrastructure Committee which oversees and ensures that effective processes and systems are in place to ensure budgetary control. This is evident through the monthly reporting by the Director of Finance to the Finance and Infrastructure Committee and Trust Board to indicate the actual vs budget/plan.

The Trust works with other local public bodies and this is evident through its partnerships with Solent NHS Trust to improve quality and sustainability of Mental Health and Community Services, South Central Ambulance Service Foundation Trust, and Portsmouth Hospitals University Trust to improve quality and sustainability of Acute Services, and performance is monitored by the Director of Transformation, including financial performance, cost drivers and savings opportunities.

Contract management is key to ensuring optimal financial and operational performance of contracts; it can also be used to prevent and detect fraud. As part of the counter fraud work plan for 2020/21, the CFS undertook a proactive review of contract maintenance and raised recommendations for the Trust to implement. The Trust has taken these recommendations on board and the following progress has been made:

- a) Establishment of a Contract Database validated by contract owners;
- b) Establishment of a Procurement Steering Group (PSG) to monitor Contract Management process;
- c) PSG meets on a monthly basis with representation from Procurement, Finance, IM&T and Clinical Divisions; and
- d) Procurement hold monthly meetings with Divisions to review contracts up for renewal in the near future

The Procurement Steering Group continues to meet on a monthly basis with representation from Clinical and Corporate Divisions. This is now chaired by The Director of Procurement of South of England Procurement Services. A Contract Management and Procurement Improvement Plan has now been developed and the Quarterly Procurement Strategy Meeting is now chaired by The Director of Finance.

Internal Audit have performed a review in 2021/22 in relation to the contract management. This report is still in draft but has resulted in a reasonable assurance report. Commissioning Internal Audit operational reports on key areas demonstrates that the Trust is taking action to deliver services effectively.

In terms of the climate change agenda, the Trust has undertaken risk assessments and has plans in place which take account of the 'Delivering a Net Zero Health Service' report under the Greener NHS programme. The Trust ensures that it complies with its obligations under the Climate Change Act 2008 and the Adaptation Reporting requirements.

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

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

Findings

The Trust undertakes a detailed budget setting process with Finance Business Partners negotiating with Clinical and Corporate divisions to understand the financial requirements. This will include a review of run rates to assess the recurring and non-recurring elements, investments required to achieve Elective Recovery and inflationary pressures. The impact of these on the overall financial position is monitored on a monthly basis and reported to the Finance and Infrastructure Committee (F&IC) and onto the Trust Board. The monthly Finance Report to be presented to F&IC is supplied in support of the review process. The Trust's F&IC maintains and provides oversight over the financial performance of the Trust. They also have oversight over the Board Assurance Framework (BAF) which is based on the actual performance to identify and evaluate any changes in financial performance related risks.

During our planning stage we identified a risk of significant weakness in our Value for Money risk assessment in relation to the financial sustainability of the Trust due to the significant accumulated deficit, previous year-on-year deficits and the Trust being in financial special measures. Our response and approach focused on:

- Reviewing the 2021/22 outturn position;
- Discharging our reporting responsibilities under section 30 of the Local Audit and Accountability Act 2014 based on the Trust's failure to meet its rolling breakeven duty;
- Assessing the progress made in delivering to plan and reviewing the reasonableness of the assumptions made; and
- Reviewing the reasonableness of the assumptions made in the Trust's operating model for 2022/23

Based on our work performed:

- We reviewed the outturn for 2021/22 which was a small surplus of £32k, and how it was achieved. The surplus demonstrates the Trust has continued its recent track record of managing its annual budgets, and the associated in-year pressures.
- We are satisfied that for 21/22 the Trust has a process in place to identify all significant financial pressures that are relevant to its medium and long term planning and credible plans are in place to address the Trust's underlying structural deficit.
- The Trust is continuing to engage with its local partners and ICS to resolve its operating deficit, which is separate from the structural deficit, which in combination will put the Trust on a good footing to achieve financial sustainability and sustainable delivery of services in accordance with strategic and statutory priorities.
- The Trust exited financial special measures during the year and has agreed a set of financial undertakings which includes the development and implementation of a financial improvement plan and the Trust has the support of NHSE/I.

We will follow up on progress of these plans in 22/23.

Appendix A – Summary of arrangements

Financial Sustainability

Reporting Sub-Criteria

How the body plans to bridge its funding gaps and identifies achievable savings

Findings

Monthly reporting on financial performance and planning to a F&IC enable the Trust to identify gaps in funding and monitor progress on meeting savings targets. The Trust uses a Programme Management Office to support identifying and delivering efficiency programmes with oversight provided by an Executive led efficiency and workforce steering group.

Other actions being taken by the Trust to mitigate funding gaps and achieve financial sustainability are as follows:

- Production of Long Term Financial model
- Engagement of Financial Improvement Directors as part of the process following exit from Financial Special Measures
- Commitment from the Director of Finance to produce a fully developed Cost Improvement Programme
- Elective Recovery Plan to maximise activity and associated funding streams
- Development of community services to enhance out of hospital solutions
- COVID cost reductions
- Exit additional capacity of escalation beds
- Line by line review of budgets

As noted on the previous page, during our planning stage we identified a risk of significant weakness in our Value for Money risk assessment in relation to the financial sustainability of the Trust. The actions noted above contributed to our conclusion that the Trust has the required arrangements in place to address its challenges.

Appendix A – Summary of arrangements

Financial Sustainability

Reporting Sub-Criteria

How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

Findings

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.

The Trust has aligned its financial plans with the NHS LT Plan and more locally, the Hampshire and Isle of Wight Sustainability and Transformation Partnership (HIOW STP) Strategic Delivery Plan which is a key enabler of delivering its strategic plan, operational plans and statutory duties. It is engaging with the ICS, as the wider NHS organisational changes develop.

As noted on page 12, during our planning stage we identified a risk of significant weakness in our Value for Money risk assessment in relation to the financial sustainability of the Trust. We assessed the annual operating plan as part of our response to the risk, and noted the Trust's submission to the required deadlines, against which it is already monitoring progress. We judged the assumptions made within the plan to be reasonable, and the plan demonstrates how it has taken into account national guidance on priorities post-Covid, which the Board approved. The plan results in a deficit of £22.5m for the Trust for 2022/23, subject to further engagement with the ICS how additional national funding may be allocated.

Sustainability is a key challenge for the Trust, which is continues to address. The Trust is continuing to engage with its local partners and ICS to resolve its operating deficit. It also has arrangements to continue to address its structural deficit. Prior to the pandemic they had begun work on identifying its structural deficit and had engaged support to assist with this work. The original work identified a £15.3m structural challenge related to the provision of health services 'on Island', after taking account of some existing support. Post pandemic, this is being updated to a timeline of the end of June 2022, so ensure any changes in national funding flows or any other factors are identified.

In combination, these actions to review both operating and structural deficits combine to show the Trust has arrangements to understand, review and improve its financial sustainability and sustainable delivery of services in accordance with strategic and statutory priorities.

Appendix A – Summary of arrangements

Financial Sustainability

Reporting Sub-Criteria	Findings
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	<p>The Trust reports to each Board meeting on key performance areas including Acute Services, Mental Health, Community, Ambulance, Workforce, Finance, Transformation/Partnerships. The Trust's financial plans include reporting on these wider areas as part of the Trust's mechanisms for monitoring the achievement of targets for each of the key performance areas. Integrated workforce and financial performance is reported to Board monthly to ensure that financial plans and workforce plans are aligned. Where the Trust identifies a risk to target achievement, it incorporates the resulting identified mitigating actions into the BAF, which enables it to identify the necessary financial resources required to implement the actions.</p> <p>We have reviewed the 2022/23 operating plan, which demonstrated the Trust's integration of financial, workforce and capacity assumptions.</p> <p>The Director of Transformation provides assurance to the Board and oversight of the Trust's active role within the local Integrated Care System.</p>
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 F&IC receive a monthly Finance Update report which they then present to the Board monthly. The report includes actual financial outturn 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 the new risks, see above.</p> <p>During the 2020/21 financial year the Department of Health and Social Care made changes to the financial framework for all trusts as part of their response to Covid-19. This revision has continued into 2021/22. Trust has recognised these changes and the accompanying uncertainty and increased risk within its BAF demonstrating how the Trust identifies significant financial pressures and builds them into their short term and medium-term plans.</p> <p>The Board approved the 2022/23 operating plan, consistent with national required assumptions for the post-Covid recovery.</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 BAF is refreshed quarterly 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.

The BAF supported by corporate and service risk registers. The risks assessed are wider than just financial, due to the nature of the Trust's activities. The Trust assesses impact of risks on a matrix of likelihood and occurrence, with a combined score produced to assess the importance of the risk. The Trust has a risk appetite statement that defines acceptable levels of risk for its activities.

The Trust has an internal audit service to help gain assurance over the effective operation of internal controls. It also has a Local Counter Fraud Specialist (LCFS) as part of its arrangements to prevent and detect fraud. The Director of Finance is responsible for the adequate provision of Internal audit with oversight from the Audit Committee. Trust management is responsible for responding to the internal audit findings appropriately and in a timely manner with appropriate challenge from the Audit Committee.

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

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

- Top down: where the Trust quantifies the core financial gap to assess the Trust's 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. The Trust then triangulates these plans with operational, performance and workforce leads.

The financial plan is reviewed by the F&IC before being presented to the Board for approval.

Appendix A – Summary of arrangements (continued)

Governance

Reporting Sub-Criteria

Findings

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

The Director of Finance oversees the adoption and operation of the Trust's Standing Financial Instructions including the rules relating to budgetary control, procurement, banking, losses and controls over income and expenditure transactions. The Director of Finance reports to the F&I Committee that oversees and ensures that effective processes and systems are in place to ensure budgetary control. This is evident through the monthly reporting by the F&I Committee to the Board to indicate the actual financial outturn compared to the budget/plan.

Reporting to the Board also includes the full range of non-financial management information on all the Trust's key performance areas. The operational performance of the Trust is measured against key access targets and outcomes objectives set out in the Single Oversight Framework drawn up by NHS Improvement, the regulator of health care organisations.

Non-financial performance within the integrated performance report Quality Information, Performance Information (Acute, Ambulance, Mental Health and Community Performance) and Workforce reported at each Board meeting after it has been considered by the relevant sub-committees. The F&I Committee oversees and ensures that effective processes and systems are in place to ensure accurate and complete non-financial performance reporting. The non-financial performance reporting forms part of the Annual Report and Quality Accounts of the Trust. This is evident through the monthly reporting by the F&I Committee to the Board to indicate the actual results against the planned targets of the KPI's based regulatory and internal performance KPI's.

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 committee

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 and minutes evidence the challenge made by non-executive members and the transparency in decision making.

The Audit Committee meets quarterly, is comprised of appropriately skilled and experienced members, has clear terms of reference which emphasizes 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.

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)

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 by the Trust.

An annual governance review is conducted by the Director of Quality and Governance and other Board members and each Board committee completes an annual review against its agreed annual objectives and, at year end, presents an annual report to the Board on the business conducted. Individual Board members are appraised annually.

The Trust has specific policies for staff and non-executive directors in respect of gifts and hospitality and conflicts of interest. Annually, all Senior Staff and non-executive directors are required to make declarations. These declarations are recorded in a register [Isle of Wight NHS Trust - Board Declarations of Interest \(iow.nhs.uk\)](http://www.iow.nhs.uk) and is available on the Trusts Website.

Appendix A – Summary of arrangements (continued)

Improving economy, efficiency and effectiveness

Reporting Sub-Criteria	Findings
How financial and performance information has been used to assess performance to identify areas for improvement	<p>The Trust reports to each Board meeting on key performance areas including Acute Services, Mental Health, Community, Ambulance, Workforce, Finance, Transformation/Partnerships. The Trust's financial plans include reporting on these wider areas as part of the Trust's mechanisms for monitoring the achievement of targets for each of the key performance areas. Integrated workforce and financial performance is reported to Board monthly to ensure that financial plans and workforce plans are aligned. Where the Trust identifies a risk to target achievement, it incorporates the resulting identified mitigating actions into the BAF, which enables it to identify the necessary financial resources required to implement the actions.</p> <p>The Director of Transformation provides assurance to the Board and oversight of the Trust's active role within the local Integrated Care System.</p>
How the body evaluates the services it provides to assess performance and identify areas for improvement	<p>The Trust has an array of ways of measuring its own performance across all aspects of its operations. It brings these together in the form of 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 is also regularly inspected by the Care Quality Commission (CQC) and the Trust's most recent overall rating improved from 'Requires Improvement' to 'Good'.</p> <p>The Trust also measures its own performance against national indicators on a monthly basis. These performance reports are included in each month's Trust Board Meetings.</p> <p>The Trust publishes an annual Quality Account outlining the Trusts' performance against a wide range of quality measures during the last year and setting out their priorities for the one ahead.</p> <p>The Quality and Performance Committee leads on evaluating performance and identifying areas for improvement. They will assess views of key stakeholders including members of the public and staff.</p>

Appendix A – Summary of arrangements (continued)

Improving economy, efficiency and effectiveness

Reporting Sub-Criteria	Findings
<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 works in close partnership with other Health and Social Care organisations in the area, but notably with its Clinical Commissioning Group as the main commissioner of services, Portsmouth Hospitals University Trust (significant partner for Acute Services), Solent NHS Trust (significant partner for Mental Health and Community Services) and South Central Ambulance Services. The Trust works closely with the CQC and NHS Improvement to ensure the delivering of the regulatory performance metrics and sustainability reporting which is reported to the Trust Board by the F&I Committee monthly which enables the Trust to monitor the performance of the Trust against the expectations set nationally and internally to ensure actions is take where necessary to improve the services of the Trust. The Trust holds public board meetings during the year which enables the Trust to work closely with all relevant stakeholders during the participation of these public board meetings.</p> <p>The Trust has an established Partnership Board which provides oversight of its active role within the local Integrated Care System which forms part of the NHS Long Term Plan to ensure there is an effective manner in which services is coordinated and planned in a way that improves population heath and reduces inequalities between different groups within an area. More locally, the Trust has strategic partnerships with Solent NHS Trust to improve quality of Mental Health and Community Services and with Portsmouth Hospitals University Trust to improve the quality of Acute Services. Performance is monitored by the Director of Transformation and reports monthly to Board on matters including financial performance, cost drivers and savings opportunities.</p>
<p>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>	<p>The Trust employs South of England Procurement Services to undertake its commissioning and procurement activities. They will ensure that procurement rules as set out by legislation and as per the Trusts Standing Financial Instructions and Scheme of Delegation.</p> <p>They will assess suppliers on our behalf to ensure that they can deliver what is required for the NHS, using National Frameworks and value for money assessments.</p> <p>Once services are procured, contract monitoring of these services are the responsibility of the Trust. Contract management is key to ensuring optimal financial and operational performance of contracts. A Contract Management and Procurement Improvement Plan has now been developed to further deliver areas of improvement in contract management and procurement, aligning to the Trust Strategy and progress is monitored at the quarterly Procurement Strategy meetings chaired by the Director of Finance.</p>



Appendix B – Certificate

Certificate

We certify that we have completed the audit of the accounts of Isle of Wight NHS Trust in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice.

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EY-000070901-01 (UK) 07/18. CSG London.

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