



# Audit Completion Report

## The Rotherham NHS Foundation Trust – year ended 31 March 2024

June 2024

Audit and Risk Committee  
The Rotherham NHS Foundation Trust  
Rotherham Hospital  
Moorgate Road  
Rotherham  
S60 2UD

3 June 2024

Forvis Mazars  
One St Peter's Square  
Manchester  
M2 3DE

Dear Committee Members,

## **Audit Completion Report – Year ended 31 March 2024**

We are pleased to present our Audit Completion Report for The Rotherham NHS Foundation Trust (the Trust) for the year ended 31 March 2024. The purpose of this report is to summarise our audit findings and conclusions.

The scope of our work, including identified significant audit risks, and other key judgement areas, was outlined in our Audit Strategy Memorandum, which we presented to you on 26 January 2024.

We have reviewed the significant audit risks and other key judgement areas set out in our Audit Strategy Memorandum and, during the audit, subsequently identified the following additional significant risks/ areas of management judgement:

- **PPE additions** - There is a risk that revenue expenditure is incorrectly classified as capital expenditure, understating the revenue expenditure charged in the year and that asset addition are included before recognition criteria have not been met.

We would like to express our thanks for the assistance of your team during our audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me on 07909 985324.

Yours faithfully

Signed: 

Daniel Watson

Forvis Mazars LLP

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01

Executive Summary

# Executive summary

## Principal conclusions and significant findings

As outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards on Auditing (UK), the relevant ethical and professional standards and the terms of our engagement, and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

In section 4 of this report we have set out our conclusions and significant findings from our audit. This section includes our conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum, and the additional key areas of management judgement highlighted in the covering letter to this report, which include:

- Management override of controls;
- Risk of fraud in revenue and expenditure recognition;
- Valuation of land and buildings;
- IFRS 16 implementation for PFI liabilities; and
- PPE additions.

## Misstatements and internal control recommendations

Section 5 sets out internal control recommendations and section 6 sets out audit misstatements; unadjusted misstatements total £1,801k, following an extrapolation of an actual error of £270k. Section 7 outlines our work on the Trust's arrangements to achieve economy, efficiency and effectiveness in its use of resources.

## Status and audit opinion

We have substantially completed our audit in respect of the financial statements for the year ended 31 March 2024.

At the time of preparing this report, the matters that remain outstanding are outlined in section 2.

We will provide an update to you in relation to the matters outstanding through issuance of a follow up letter.

Subject to the satisfactory conclusion of the remaining audit work, we have the following conclusions:



### Audit opinion

We anticipate issuing an unqualified opinion, without modification, on the financial statements. Our proposed audit opinion is included in the draft auditor's report in Appendix B.



### Value for Money

We anticipate having no significant weaknesses in arrangements to report in relation to the arrangements that the Trust has in place to secure economy, efficiency and effectiveness in its use of resources. Further detail on our Value for Money work is provided in section 7 of this report.



### Reporting to the group auditor

We anticipate reporting to the National Audit Office (NAO) that the Trust's consolidation data is consistent with the financial statements.

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Status of the audit

# Status of our audit

Our audit work is substantially complete and there are currently no matters of which we are aware that would require modification of our audit opinion, subject to the satisfactory resolution of the outstanding matters set out below.

## Income and expenditure cut off

We perform testing of income and expenditure transactions recorded in May to ensure it has been recorded in the correct year. We are waiting for the May ledger to close before we can select our sample and complete our testing.



## IT General Controls

We are waiting for supporting evidence in relation to our IT general controls work.



## Payroll walkthrough

We are waiting for one piece of supporting documentation in relation to our walkthrough of the payroll key business process.



## Review of the Annual Report and Annual Governance Statement (AGS)

The final Draft Annual report and a copy of the AGS were received on 3 June 2024. Both documents require audit review. This matter is discussed in further detail on page 20.



## Audit review and quality control

Completion of final manager and Key Audit Partner review and Mazars quality control processes in respect of the audit.



## Post balance sheet events

Review of post balance sheet events up to the point at which we sign our audit report.



## Final signed financial statements and letter of representation

Receipt of the signed final set of financial statements and letter of management representation.



## Whole of Government Accounts

Completion of audit procedures supporting the WGA return to the NAO.



### Status



Likely to result in a material adjustment or a significant change to disclosures in the financial statements.



Potential to result in a material adjustment or a significant change to disclosures in the financial statements.



Not considered likely to result in a material adjustment or a change to disclosures in the financial statements.



Work on value for money arrangements

03

Audit Approach



# Audit Approach

## Changes to our audit approach

As set out on the following page, we have made changes to the audit approach we communicated in our Audit Strategy Memorandum, issued on 26 January 2024.

As part of our ongoing risk assessment, we identified an additional area of key management judgement. This was identified following planning discussions with management where it was identified that there was a large proportion of capital expenditure towards the year end. Details are set out below:

### Description

#### PPE additions

There is a risk that revenue expenditure is incorrectly classified as capital expenditure, understating the revenue expenditure charged in the year and that asset addition are included before recognition criteria have not been met.

### Planned response

We will test a sample of PPE additions in year and ensure that they were correctly classified as capital and that the asset recognition criteria has been met.

## Materiality

Our provisional materiality at the planning stage of the audit was set at £7.2m using a benchmark of 2% of gross operating expenditure.

Based on the final financial statement figures the final overall materiality we applied was £7.4m (final performance materiality: £5.9m; final clearly trivial threshold: £222k).

## Use of experts

Item of account	Management's expert	Our expert
Valuation of property	Clark Weightman	We used available third party information to challenge the key valuation assumptions.
Cash equivalent transfer values of pensions as disclosed in the remuneration report	NHS Pensions Agency	The National Audit Office commissioned an actuarial expert to provide a review of the NHS Pensions Agency.

## Service organisations

Item of account	Service organisation	Audit approach
Payroll	IBM Electronic Staff Records (ESR)	We obtained the ISAE 3402 controls report and assess the boundary points of the Foundation Trust's interactions with the service organisation.

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Significant findings

# Significant findings

## Significant findings, including key areas of management judgement

The significant findings from our audit include:

- our audit conclusions regarding significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 16 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management; and
- any significant difficulties we experienced during the audit.

### Management override of controls

#### Description of the risk

This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.

Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.

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#### How we addressed this risk

We addressed this risk through performing audit work over:

- Accounting estimates impacting amounts included in the financial statements;
- Consideration of identified significant transactions outside the normal course of business; and
- Journal entries recorded in the general ledger and other adjustments made in preparation of the financial statements

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#### Audit conclusion

Our work has not identified any matters to report in respect of the management override risk.

# Significant findings

## Risk of fraud in revenue and expenditure recognition

### Description of the risk

The risk of fraud in revenue and expenditure recognition is presumed to be a significant risk on all audits due to the potential to inappropriately shift the timing and basis of revenue and expenditure recognition as well as the potential to record fictitious revenues/expenditure or fail to record actual revenues/expenditure.

For the Trust we deem the risk to relate specifically to:

- Revenue cut off – recognition of income around the year end
- Expenditure cut off – recognition of year end accruals

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### How we addressed this risk

We have evaluated the design and implementation of any controls the Trust has in place which mitigate the risk of income being recognised in the wrong year. In addition, we have undertaken a range of substantive procedures including:

- testing income, expenditure, receipts and payments in the pre and post year end period to ensure they have been recognised in the right year;
- testing year end accruals to evaluate the data on which they have been based and ensure that the estimated accrual is reasonable; and
- reviewing intra-NHS reconciliations and data matches provided by the Department of Health and Social Care.

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### Audit conclusion

Subject to satisfactory completion of the work detailed in section 2 of this report, there are no matters to bring to your attention.

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# Significant findings

## Valuation of land and buildings

### Description of the risk

Land and buildings are the Trust's highest value asset accounting for £127.4m of the Trust's £184.5m property, plant and equipment balance.

Management engages an external valuer as an expert to assist in determining the fair value of land and buildings to be included in the financial statements.

Changes in the value of property may impact on the Statement of Comprehensive Income depending on the circumstances and the specific accounting requirements of the Group Accounting Manual.

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### How we addressed this risk

We evaluated the design and implementation of any controls which mitigate the risk. This included liaising with management to update our understanding of the approach taken by the Trust in its valuation of land and buildings. We:

- assessed the scope and terms of engagement of management's valuation expert and the competence, skills and objectivity thereof;
- reviewed the work of management's valuation expert and how these have been incorporated into the financial statements;
- reviewed the valuation methodology used, including testing the underlying data and assumptions; and
- considered the reasonableness of the valuation by comparing the valuation output with market intelligence and challenging the Trust and the valuer.

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### Audit conclusion

A full valuation has not been completed in year, instead a revaluation was completed of the special care baby unit following completion of the programme of capital programme. For the remaining site the Trust applied indices to identify whether there was evidence of a material movement in asset values in year. The conclusion was that asset values had not moved materially. Our work in this area has not identified any matters to bring to your attention.

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# Significant findings

## IFRS 16 implementation for PFI liabilities

### Description of the management judgement

IFRS 16 is applicable for PFI liabilities from 1 April 2023 and is designed to report information that better shows PFI liability transactions and provides a better basis for users of financial statements to assess the amount, timing and uncertainty of cash flows arising from such agreements.

For the Trust this requires the Carbon Energy Fund liability to be restated in line with the requirements of IFRS 16.

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### How our audit addressed this area of management judgement

We have reviewed the accounting treatment and the approach taken by the Trust, to recognise the transition adjustments required under IFRS 16 for the Carbon Energy Fund.

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### Audit conclusion

Our work has not identified any matters to report in respect of the IFRS 16 implementation for PFI liabilities.

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# Significant findings

## Significant findings, including key areas of management judgement identified after the Audit Strategy Memorandum was issued

### PPE additions

#### Description of the management judgement

There is a risk that revenue expenditure is incorrectly classified as capital expenditure, understating the revenue expenditure charged in the year and that asset addition are included before recognition criteria have not been met.

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#### How our audit addressed this area of management judgement

We tested a sample of PPE additions in year and ensured that they were correctly classified as capital and that the asset recognition criteria has been met.

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#### Audit conclusion

An asset in our sample has not been received at the year end. Management had judged the asset to be covered by a vesting certificate. The vesting certificate required receipt of payment by the supplier for the asset to be vested in the Trust, this payment was made to the supplier on 3 April 2024. Therefore, the terms of the vesting certificate had not been met at the year end.

Management have opted not to adjust the financial statements because the actual error is not material. The asset's value is £270k. In order for us to determine that there is no risk of material misstatement arising from the error we have calculated the extrapolated error over the remaining untested population. The projected misstatement over the untested population is £1,531k, therefore the total actual and projected misstatement is £1,801k. This remains below materiality. This is recorded as an unadjusted misstatement to the financial statements in section 6 of this report.

# Significant findings

## Qualitative aspects of the Trust's accounting practices

We have reviewed the Trust's accounting policies and disclosures and concluded they comply with the Department of Health and Social Care Group Accounting Manual 2023/24, appropriately tailored to the Trust's circumstances

Draft accounts were received from the Trust on 24 April 2024 and were of a good quality.

We would like to thank the finance team for their hard work and support during the course of the audit.

## Significant matters discussed with management

During our audit we communicated the following significant matters to management:

### IFRS 16 application to PFI

As this is the first year of adoption of IFRS 16 for PFI assets we identified this as an area of audit focus. In undertaking our work on balances included in the accounts we have discussed with management the approach taken to calculating the transition adjustments required to the financial statements and the subsequent remeasurement of the liability in year.

### Vesting certificates

Our sample testing of additions included the Trust's new CDC mobile unit. The Trust expected this unit to be installed in March 2024, however delays meant the supplier was holding the asset at the Balance Sheet date. The supplier provided the Trust with a vesting certificate and on this basis the Trust recognised the asset on Balance Sheet in the financial statements.

A vesting certificate alone is not a sufficient basis to recognise an asset. We asked the Trust to consider the terms of the purchase alongside the vesting certificate to determine whether the appropriate recognition criteria had been met by the year-end, namely whether the Trust could control the use of the asset, and whether future economic benefits arising from the use of the asset were probable. The vesting certificate stated that payment must be received by the supplier in order for the asset to vest in the Trust. The Trust confirmed the payment was not made to the supplier until 3 April 2024, and therefore the vesting certificate did not transfer the rights to control the asset until after year end.

This has resulted in the identification of an unadjusted misstatement in the financial statements, which is set out in section 6 of this report. We have extrapolated the results of our testing across the untested population. Neither the actual error of £270k or extrapolated error of £1,801k are material to the audit, providing us with sufficient assurance over the balance. As the amount is not material, and is effectively a timing issue relating to the payment of the invoice, management has opted not to amend the financial statements.

### Annual Report and Annual Governance Statement

We agreed with management that the draft Annual Report, inclusive of Annual Governance Statement would be submitted to audit on 10 May. An early draft of the Annual Report was received on 20 May; however this did not include the Annual Governance Statement and included several sections marked as incomplete.

A final draft version of the Annual Report and a copy of the Annual Governance Statement was received on 3 June 2024.

Preparation of the Annual Report and Annual Governance Statement should run concurrently with the production of the financial statements to allow for adequate review of the report by the Audit and Risk Committee.

## Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management.



# 05

Internal control conclusions

# Internal control conclusions

## Overview of engagement

As part of our audit, we obtained an understanding of Trust's internal control environment and control activities relevant to the preparation of the financial statements, which was sufficient to plan our audit and determine the nature, timing, and extent of our audit procedures. Although our audit was not designed to express an opinion on the effectiveness of Trust's internal controls, we are required to communicate to Audit and Risk Committee any significant deficiencies in internal controls that we identified in during our audit.

## Deficiencies in internal control

A deficiency in internal control exists if:

- A control is designed, implemented, or operated in such a way that it is unable to prevent, detect, and/or correct potential misstatements in the financial statements; or
- A necessary control to prevent, detect, and/ or correct misstatements in the financial statements on a timely basis is missing

The purpose of our audit was to express an opinion on the financial statements. As part of our audit, we have considered Trust's internal controls relevant to the preparation of the financial statements to design audit procedures to allow us to express an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Trust's internal controls or to identify any significant deficiencies in their design or operation.

The matters reported in this section of our report are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and which we consider to be of sufficient importance to merit being reported.

If we had performed more extensive procedures on internal control, we might have identified more deficiencies to report or concluded that some of the reported deficiencies need not in fact have been reported.

Our comments in this section should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

The deficiencies Trust's internal controls that we have identified as at the date of this report are in set out on the following pages.

## Significant deficiencies in internal control

A significant deficiency in internal control is one which, in our professional judgement, has the potential for financial loss, damage to reputation, or a loss of information which may have implications on the achievement of business strategic objectives. Our view is that observations categorised as a significant deficiency is of sufficient importance to merit the attention of Audit and Risk Committee.

We have not identified any significant deficiencies in the Trust's internal controls as at the date of this report.

## Other observations

We also record our observations on the Trust's internal controls where, in our professional judgement, there is a need to strengthen internal control or enhance business efficiency that do not constitute significant deficiencies in internal control but which we view as being important for consideration by management.

Our other internal control observations, as at the date of this report, are set out in this section. These have been reported to management directly and have been included in this report for your information.

Whether internal control observations merit attention by Audit and Risk Committee and/ or management is a matter of professional judgment, taking into account the risk of misstatement that may arise in the financial statements as a result of those observations.

# Internal control conclusions

## Significant deficiencies in internal control

We have not identified any significant deficiencies in internal control.

## Other deficiencies in internal control

In our view, there is a need to address the deficiencies in internal control set out in this section (which are not deemed to be significant deficiencies) to strengthen internal control or enhance business efficiency. Our recommendations should be actioned by management in the near future.

### Description of deficiency

Our work on fixed asset disposals identified assets recorded as disposals in 2023/24 which had been disposed of in previous years. The assets were identified by management as part of a cleansing exercise performed on the fixed asset register.

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### Potential effects

There is a risk that the Trust overstates its asset position by not removing asset disposals on a timely basis.

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### Recommendation

Management should implement an annual review of the asset register to ensure that asset disposals are identified and processed at least annually.

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### Management response

Agreed – this was identified in 2023/24 as part of implementing an annual review, which we will continue to do every year going forward.

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# Internal control conclusions

## Other recommendations – Disclosure amendments

We have identified two recommendations in respect of disclosures in the financial statements:

### Description of disclosure amendment

Note 1.3.2 Sources of Estimation Uncertainty should include details of estimates in the financial statements that have a significant risk of resulting in a material adjustment to the carrying value of assets and liability. The current disclosure includes estimates that are unlikely to result in a material adjustment to assets and balances.

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### Potential effects

There is a risk the financial statements do not comply with accounting standards. The level of uncertainty in the financial statements is overstated by including in this disclosure items of account which do not include significant sources of estimation uncertainty.

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### Recommendation

The sources of estimation uncertainty disclosure be reviewed for the 2024/25 financial statements.

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### Management response

Agreed – will review for 2024/25 financial statements

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# Internal control conclusions

## Other recommendations – Disclosure amendments continued

**Description of disclosure amendment**

The financial statements include a number of disclosure notes that are immaterial.

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**Potential effects**

Readability of the accounts is diminished due to the level of unrequired disclosures.

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**Recommendation**

The disclosure notes in the financial statements be reviewed for the 2024/25 financial statements.

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**Management response**

Agreed – will review for 2024/25 financial statements

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# Internal control conclusions

## Follow up on previous internal control points

We set out below an update on internal control points raised in the prior year.

### Description of deficiency

The revaluation balance per the fixed asset module in the ledger does not agree to the revaluation reserve balance in the general ledger. The fixed asset module includes a revaluation reserve balance of £63,591k, whereas the general ledger includes a balance of £60,774k.

In addition the revaluation reserve balances in the fixed asset module include negative revaluations to a value of £4,780k across 26 assets.

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### Potential effects

There is a risk that the general ledger does not accurately reflect the fixed asset position of the Trust which could result in the financial statements being materially misstated. In addition to this, there is a risk that the revaluation reserve balances are inaccurate which could lead to incorrect accounting treatment of valuation movements.

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### Recommendation

The Trust review the fixed asset module and update the entries to correctly reflect the revaluation reserve balances for the Trust's fixed assets.

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### 2023/24 update

Management have worked with IT to review the parameters in the fixed asset register which has reduced the difference to £426k as at 31 March 2024. This work has also reduced the level of negative revaluation balances to £6k across 5 assets.

Management continue to work with IT to correct the remaining balances.

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# Internal control conclusions

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## Description of deficiency

Right of use assets where the lease does not include review of the rental charge in line with market conditions have been subsequently valued using the cost model. Where there is no rent review in line with market conditions, it is not appropriate to use the cost model for subsequent revaluation of these assets. They should instead be valued using the revaluation model.

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## Potential effects

Right of use assets could be materially misstated.

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## Recommendation

The Trust reconsider its approach of the subsequent revaluation of right of use assets where the lease does not include a rent review in line with market conditions.

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## 2023/24 update

The Trust has reviewed its approach to the revaluation of right of use assets, and has revalued a number of assets in year

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## Description of deficiency

Testing of the bank reconciliation identified unrepresented cheques to the value of £1,111 that are in excess of 6 months old.

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## Potential effects

There is a risk that old unreconciled transactions are not written off on a timely basis.

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## Recommendation

The list of unrepresented cheques be reviewed to ensure that cheques over 6 months old are written off and cancelled.

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## 2023/24 update

Our review of the bank reconciliation has not identified unrepresented cheques over 6 months old.

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# Internal control conclusions

**Description of deficiency**

Our work on related parties identified instances of omitted declarations where there were interests held by the officer

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**Potential effects**

There is a risk of the Trust entering into a transaction with a related party without knowledge.

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**Recommendation**

An independent check be introduced to identify potential omitted declarations.

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**2023/24 update**

We compared Board members disclosures against information held on Companies House. This identified one Board member has not declared interests held. The Trust did not have any transactions with these bodies. There is no impact on the accounts

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# 06

Summary of misstatements

# Summary of misstatements

We set out below and on the following pages a summary of the misstatements we identified during our audit, above the trivial threshold for adjustment of £222k.

The first table in this section sets out the misstatements we identified which management has assessed as not being material, individually or in aggregate, to the financial statements and does not plan to adjust. The second table sets out the misstatements we identified that have been adjusted by management.

Our overall materiality, performance materiality, and clearly trivial (reporting) threshold were reported in our Audit Summary Memorandum, issued on 26 January 2024. Any subsequent changes to those figures are set out in the section 3 of this report.

## Unadjusted misstatements

Management has assessed the misstatements in the table below as not being material, individually or in aggregate, to the financial statements and does not plan to adjust. We only report to you unadjusted misstatements that are either material by nature or which exceed our reporting threshold.

Details of adjustment	SOCNE/SOCI		SOFP	
	Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
Dr: Trade and other payables			1,801	
Cr: Property, plant and equipment				1,801
Being the extrapolated error arising from an asset recognised in 2023/24 which had not been received. The actual error identified was £270k.				
<b>Aggregate effect of unadjusted misstatements</b>			<b>1,801</b>	<b>1,801</b>

We will obtain written representations confirming that, after considering the unadjusted misstatements, both individually and in aggregate, in the context of the financial statements taken as a whole, no adjustments are required.

# Summary of misstatements

## Adjusted misstatements

The misstatements in the table below have been adjusted by management. We report all individual misstatements above our reporting threshold that we identify during our audit and which management had adjusted and any other misstatements we believe Audit and Risk Committee should be made aware of.

Details of adjustment	SOCNE/SOCI		SOFP	
	Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
None identified				

# Summary of misstatements

## Disclosure misstatements

We identified the following disclosure misstatements during our audit that have been corrected by management:

- **Note 3.1 Income from patient care activity (by Nature)** - The Trust calculates the split of API income between Acute and Community Services for disclosure in Note 3.1. We identified an error in the calculation, and as a result £1,509k has been reclassified from Acute to Community Services.
- **Note 29 Trade and Other Payables** - Our work identified £2,389k of accruals had been misclassified as trade payables. The disclosure note has been amended.

In addition to the above, we identified a small number of minor presentational issues during our audit of the financial statements, and these have all been amended by the Trust.

We identified the following disclosure misstatements during our audit that have not been corrected by management:

- **Adjusted financial performance (control total basis)** – In the financial statements the adjusted financial performance has been disclosed on the face of the Statement of Comprehensive Income (SOC1), this is not in line with the requirements of IAS 1 Presentation of financial statements. The disclosure should instead be recorded in a standalone disclosure note. Management have opted not to adjust this misstatement on the basis that the Trust are monitored against the control total rather than total comprehensive income/expense in the SOC1, therefore including the information on the face of the SOC1 improves readability for the users of the financial statements.
- **Note 1.3.2 Sources of Estimation Uncertainty** – This disclosure should include details of estimates in the financial statements that have a significant risk of resulting in a material adjustment to the carrying value of assets and liability. The disclosure includes estimates that are unlikely to result in a material adjustment to assets and balances. We have raised an internal control recommendation in section 5 of this report, recommending that the Trust review the disclosure when preparing the 2024/25 financial statements.

We will obtain written representations confirming that, after considering the unadjusted disclosure misstatements, both individually and in aggregate, in the context of the annual report and financial statements taken as a whole, the effect of the unadjusted misstatements are immaterial.

07

Value for Money

# Value for Money

## Approach to Value for Money

We are required to consider whether the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:

- **Financial sustainability** - How the Trust plans and manages its resources to ensure it can continue to deliver its services;
- **Governance** - How the Trust ensures that it makes informed decisions and properly manages its risks; and
- **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.

At the planning stage of the audit, we undertake work to understand the arrangements that the Trust has in place under each of the reporting criteria and we identify risks of significant weaknesses in those arrangements. Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest significant weaknesses in arrangements exist.

The table overleaf outlines the risks of significant weaknesses in arrangements that we have identified, the risk-based procedures we have undertaken, and the results of our work.

Where our risk-based procedures identify actual significant weaknesses in arrangements we are required to report these and make recommendations for improvement. Where such significant weaknesses are identified, we report these in the audit report by exception

The primary output of our work on the Trust's arrangements is the commentary on those arrangements that forms part of the Auditor's Annual Report. The commentary that will be included in our Auditor's Annual Report is included on the following pages of this report. We intend to issue the Auditor's Annual Report in June 2024.

## Status of our work

We have completed our work in respect of the Trust's arrangements for the year ended 31 March 2024 and we have not identified any significant weaknesses in arrangements that have required us to make a recommendation. Our draft audit report at Appendix B confirms that we have no matters to report in respect of significant weaknesses. Our commentary on the Trust's arrangements is included in the following section of this report. Our commentary on the Trust's arrangements will also be provided in the Auditor's Annual Report in June 2024.

# Value for Money

## Risks of significant weaknesses in arrangements

In our Progress Report presented in April 2024 we reported a risk of significant weakness in arrangements that we had identified as part of our planning procedures. Our responses to that identified risk is outlined in the table below.

Risk of Significant Weakness in Arrangements	Financial Sustainability	Governance	Improving the 3Es	Work Undertaken and Conclusions Reached
<p>1</p> <p><b>Financial sustainability – how the Trust plans to bridge its funding gaps and identify achievable savings</b></p> <p>The Trust’s financial plan at the start of the year was to achieve a deficit position of £6,726k. At 31 January 2024, the Trust reporting a forecast deficit position of £10,780k. The Trust’s final outturn position was a deficit of £4,715k.</p> <p>The Trust has a Cost Improvement Target of £12,176k for the year. At 31 January 2024, the Trust had achieved £6,724k and forecast the outturn against the target is a £1,495k underachievement. The final outturn position was an underachievement of £1.2m. Of the forecast outturn against current year savings plans £7.5m is recurring.</p> <p>While the 2024/25 plan has not yet been set it is probable that this will include a similar level of CIP target. There is a risk to delivery of future financial targets if current year savings plans are not recurring in nature and fully delivered.</p>	<p>●</p>			<p><b>Work undertaken</b></p> <p>To establish if there is a significant weakness in arrangements we reviewed in year and year end financial monitoring reports for 2023/24, reviewing monitoring and delivery reports in respect of CIPs in 2023/24, reviewed the financial plans for 2024/25 and discussed arrangements for financial sustainability with management and the wider finance team.</p> <p><b>Results of our work</b></p> <p>Our work to address the risk has identified that the Trust has arrangements in place to identify plans to bridge fundings gaps and identify achievable savings.</p> <p>A review of financial and cost improvement monitoring reports in 2023/24 show consistency in the reporting of the financial position throughout the year. Arrangements that were in place in 2022/23 have continued. We have viewed examples of the work that the Delivery and Improvement Team are undertaking with divisions to assist divisions in identifying and achieving CIP plans. We have reviewed the minutes and agendas of the Efficiency Board in year which show that challenge and support continued through 2023/24 for divisional, procurement and cross cutting CIP schemes. The outturn position at the end of 2023/24 was £1.2m favourable against control total and an underachievement of £1.2m against the CIP target. The underachievement against CIP was due a delay in seeing the full benefits of a plans that were delayed, these savings have now been delivered against the 2024/25 target.</p> <p>The current plan submitted for 2024/25 includes a deficit plan as agreed with the ICB, and a CIP target of £13,937k. The Trust has plans in place to achieve this CIP target. Plans are at varying levels of progress with schemes currently progressing through the CIP governance process. £5.1m has already been achieved and £1m has been identified across services, the remaining savings will come from a range of cross cutting schemes.</p>

# Value for Money

## Risks of significant weaknesses in arrangements continued

Risk of Significant Weakness in Arrangements	Financial Sustainability	Governance	Improving the 3Es	Work Undertaken and Conclusions Reached
1	●			<p>The Trust has begun a project aimed at bringing the Trust's financial position 'Back to Balance' over the next 2 years. The Back to Balance scheme has identified high level savings that can be achieved through cross cutting plans. The plan includes both cost reducing and income generating initiatives with a planned overall savings of £11m across the next two years. The areas of work have been identified and an Executive Lead and SRO has been allocated to each theme. The Trust are continuing to use the CIP tracker to monitor service CIP plans and as the Back to Balance project develops further will also develop a reporting tool to monitor progress. Discussions with management have not identified any planned changes to the monitoring arrangements that are currently in place. Management are confident that the infrastructure is in place to allow the Trust to achieve its back to balance objective.</p> <p><b>Conclusions</b> For 2023/24 we are satisfied that there is no significant weakness in arrangements to secure value for money. Further commentary is included on pages 35 to 36 on the Trust's arrangements in respect of financial sustainability.</p>



# Value for Money

## Follow up of previously reported other recommendations

In 2022/23 we reported one 'other recommendation' to the Trust. As part of our work in 2023/24 we followed up the progress made by the Trust against the recommendation made, our conclusions are shown in the table below.

Previously identified other recommendation	Reporting criteria	Our views on the actions taken	Overall conclusions
<p>1</p> <p>As at the end of June 2023, £6,427k of efficiency savings have been identified against a target of £12,176k. While the Trust is making progress towards its efficiency target and expects to deliver against the target, delivery is challenging and could be a potential risk to the planned financial position for 2023/24.</p> <p>The Trust should ensure it continues its arrangements to identify how it will deliver unidentified efficiency savings included in the financial plan.</p> <p>It should also ensure that its scrutiny arrangements, to monitor and deliver its efficiency savings plans are maintained throughout 2023/24</p>	<p>Financial sustainability</p>	<p>We have seen evidence via minutes and reports of the Efficiency Board, Finance and Performance Committee, and Trust Board of the monitoring and control arrangements operating throughout 2023/24.</p> <p>The Trust achieved CIPs of £11,080k against the target of £12,176k, an achievement of 91%. Overall, the Trust over performed against its control total by £1.2m. CIP plans were identified to meet the CIP target, delays in plans fully implemented resulted in the slight under performance. The outturn position is consistent with the forecast outturn reported in year, which further evidences monitoring arrangements have operated in year.</p>	<p>While this weakness in arrangements did not materialise in 2023/24 a similar other recommendation has been raised in 2024/25 recognising the challenge associated with delivery of the challenging efficiency target.</p>

# Value for Money

## Overall summary by reporting criteria

Reporting criteria	Commentary page reference	Identified risks of significant weakness?	Actual significant weaknesses identified?	Other recommendations made?
Financial sustainability	35 - 36	Yes – see risk 1 on page 35	No	Yes – see commentary on page 37
Governance	38 - 39	No	No	No
Improving economy, efficiency and effectiveness	40 - 41	No	No	No

# Value for Money

## Overall commentary on the Financial Sustainability reporting criteria

### Background to the NHS financing regime in 2023/24

In 2020/21, NHSE established Integrated Care Systems (ICS) as the key unit for financial allocations. Moving into 2023/24, (ICSs) continued to be the key unit for financial planning purposes, with the aim of encouraging greater collaboration and collective responsibility for financial performance across local health care bodies.

The Covid-19 pandemic necessitated the implementation of interim 'block' funding allocations to ensure that systems had sufficient resource to respond to the pandemic. 2022/23 was the first full year where programme funding allocations were reset to move back towards a 'fair share' distribution of resource. The results of this exercise was used to adjust 2023/24 allocation baselines.

NHSE have updated Fair share allocations in line with the recommendation of the Independent Advisory Committee for resource allocation and policy updates. These allocations also include an updated approach, using a nationally consistent methodology to reflect the excess financing costs of historical private finance initiative (PFI) contracts on trusts. Historical PFI support payments were therefore wrapped up into system funding envelopes for 2022/23 onwards.

In 2023/24 the majority of the Trust's income was earned from NHS commissioners under the NHS Payment Scheme (NHSPS). The NHSPS sets out rules to establish the amount payable to trusts for NHS-funded secondary healthcare. The main mechanism for payment is Aligned Payment Incentive Contracts (API). API contracts included both a fixed and variable element. The fixed element included income for all services other than those covered by the variable element, fixed based on an agreed level of activity. The variable element included elective activity (both ordinary and day case), outpatient procedures, outpatient first attendances diagnostic imaging and nuclear medicine, and chemotherapy delivery activity. Income is earned at NHSPS process prices on actual activity.

As under previous arrangements, systems were monitored on their combined financial outturn. This continued to necessitate further collaboration through the planning process, as individual organisations worked together to achieve system-level outcomes

### The Trust's financial planning and monitoring arrangements

The Trust approved and submitted a financial plan for 2023/24 which included an overall deficit position of £5,977k. This plan was based on the Trust achieving Cost Improvement Plans (CIPs) of £12,176k. The outturn position for 2023/24 was a deficit of £4,715k, £1.2m favourable against plan, and a CIP delivery of £11,018k.

Through our review of Board, Finance and Performance Committee reports, meetings with Management, review of key documents and relevant work performed on the financial statements, we are satisfied that the Trust's arrangements for financial and CIP monitoring remain appropriate. Monthly financial monitoring takes place at divisional level, at Finance and Performance Committee (FPC) and to Board. Monthly reporting to FPC and Board is through an Integrated Finance Report which includes explanations for variances against budget. The FPC take a deep dive into one division's performance each month, looking in detail at both its financial and non-financial performance, as well as progress against its CIP target.

Further oversight of CIPs is undertaken by an Efficiency Board (EB) who report to the Finance and Performance Committee. The EB meets on a monthly basis and reviews the CIP tracker, monitors progress in relation to Quality Impact Assessments (QIA's) completed for each identified opportunities, receives presentations from divisions in relation to performance and challenges attendees to identify additional opportunities for efficiencies to assist the Trust to achieve its CIP.

Additional support is provided to divisions by the Delivery and Improvement Teams, who work with divisions to help them to identify and deliver CIPs.

Reporting of financial performance and performance against CIPs in year has been consistent. The CIP tracker has been used to demonstrate progress against CIP plans which includes a risk assessment of the likelihood of achieving plans and includes a risk based forecast outturn, based on best case and worst case scenarios.

The Trust have arrangements in place for effective year end reporting. The statutory deadline for 2023/24 was met with the draft financial statements being provided to audit on 24 April, supported by good quality working papers. The Trust's finance team provided support to the audit team allowing the audit to be substantially complete by the end of May. As in previous years, we have not highlighted any significant concerns which adversely impact on this commentary in the main body of our Audit Completion Report.

# Value for Money

## The Trust's arrangements and approach to financial planning 2024/25

As was the case in 2023/24 the financial planning process of 2024/25 has been an iterative one. The initial financial plan submitted by the Trust included a planned deficit of £6,836k which was based on achieving efficiencies of £9,837k. Following work across the South Yorkshire Integrated Care Board (ICB) a revised plan was submitted in May reducing the Trust's planned deficit to £6,308k based on achieving efficiencies of £13,937k.

In 2024/25 the Trust has taken a slightly different approach to the identification of CIPs. The divisional level CIPs identified to date amount to £1m. CIPs have already been achieved in May of £5.3m. In addition, the Trust have developed a cross cutting CIP programme titled Back to Balance which is designed to bring the Trust back into financial balance over the next 2 years. Each of the areas within the Back to Balance Plan have an allocated Executive Lead and Senior Responsible Officer. As it is early in 2024/25 the detailed plans to support the Back to Balance project remain in progress.

The Efficiency Board (EB) and Delivery and Improvement Team are continuing to work with divisions to identify further opportunities for savings to be made and to support delivery of already identified CIPs.

Due to the Trust's forecast outturn position at the time of our VFM planning work and the probability that financial plans for 2024/25 would be based on a significant level of CIPs being required, we reported a risk of a significant weakness in arrangements for securing financial sustainability. The work we have completed to address this risk is set out on page x of this report. Our work has identified that the Trust have arrangements in place to identify plans to bridge savings gaps and achieve savings from. For 2023/24 we are satisfied that there is no significant weakness in arrangements to secure value for money. That being said, consistent with our reporting in the previous year, and recognising the challenge associated with delivery of the challenging efficiency target, we have raised the following 'other recommendation':

Other recommendation		
1	<p>The Trust have a CIP target in 2024/25 of £13,937k This will prove a significant challenge for the Trust and achievement of the overall financial plan is dependent on achieving the planned level of CIP.</p> <p>While the Trust has demonstrated over the past two years that it has arrangements in place to identify plans to bridge funding gaps and achieve savings plans, these will become increasingly difficult to achieve as opportunities to make savings reduce.</p>	<p>The Trust should ensure it continues its arrangements to identify how it will deliver unidentified efficiency savings included in the financial plan.</p> <p>It should also ensure that its scrutiny arrangements, to monitor and deliver its efficiency savings plans are maintained throughout 2024/25.</p>

**Based on the above considerations, we are satisfied that there is not a significant weakness in the Trust's arrangements in relation to financial sustainability.**

# Value for Money

## Overall commentary on the Governance reporting criteria

### The Trust's risk management and monitoring arrangements

The Trust's risk management system has remained in place during 2023/24. The Trust's approach to risk management is set out in the Risk Management Policy. The Trust has established its risk appetite, recognising that it is not possible to fully eliminate all risks. Risk are recorded in Trust wide, divisional and service level risk registers. An electronic risk register is used, Datix, which aides in the recording and monitoring of actions taken to address risks.

There is a Board Assurance Framework (BAF) in place which is incorporated into the Trust's risk management arrangements. The BAF provides a structure and process which enables the Board to review its principal objectives, the extent to which the Trust has appropriate and robust controls in place to manage strategic risks, and the level and effectiveness of assurance provided by and through those controls. The BAF reflects the existing Trust Strategy. Risks within the BAF and Corporate Risk Register are allocated to each of the Board's assurance committees, these include:

- People Committee
- Finance and Performance Committee
- Quality Committee

The BAF and Corporate Risk Register are monitored on a monthly basis by each of the assurance committees, with each committee reviewing their aligned risks. There is quarterly reporting of the BAF and the Corporate Risk Register to the Audit and Risk Committee and the Board. Reporting on the Corporate Risk Register includes all risks with a score of 15+. We have reviewed minutes and reports presented on the BAF and Corporate Risk Register throughout the year. Through our review we have seen evidence of reporting on the BAF leading to the identification of controls and mitigation of risks. For example, the creation of the Quality Metrics Dashboard resulted in risk P1 moving from a risk score of 16 to 12.

The Trust carries out an annual review of its Committees, with each sub-committee completing an annual review of its effectiveness. The results of the reviews and any opportunities for improvement are reported to the Board.

The Trust have appointed Assurance 360 to provide internal audit and counter fraud services throughout the year. The Annual Internal Audit Plan is agreed in conjunction with management and subject to approval by the Audit and Risk Committee at the beginning of each financial year.

The plan is developed to provide assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud. The Annual Head of Internal Audit Opinion provides an assessed level of assurance that there is a generally sound framework of governance, risk management and control designed to meet the organisation's objectives, and that controls are generally being applied consistently. The Head of Internal Audit Opinion for 2023/24 provided significant assurance. Internal Audit report progress to each Audit and Risk Committee meeting. We have reviewed internal audits reports presented in year, the detailed reports issued in the year do not identify any significant weaknesses in the Trust's VFM arrangements.

### The Trust's decision making and control framework

The Trust's governance structure is set out in its Annual Report and Annual Governance Statement. This is supported by a full suite of governance arrangements. We have reviewed these documents as part of our audit and confirmed they are consistent with our understanding of the Trust's arrangements. This includes arrangements such as:

- Maintenance of a register of interest;
- Completion of annual review and self-certification of compliance with conditions of NHS provider licence by the Board;
- Engagement of an internal audit function; and
- Use of risk management processes.

The Board of Directors meet on a monthly basis in order to discharge its duties effectively, including ensuring that systems and processes are maintained to measure the Trust's effectiveness, efficiency and economy as well as the quality of health care delivery. The Board of Directors has a balance of skills, independence and completeness appropriate for the requirements of the Trust, and a mix of Executive and Non-Executive Directors.

The Board has set up a number of Committees to aide in its discharge or responsibilities, these are detailed above with the addition of the Audit and Risk Committee. The terms of reference for these committees are reviewed on an annual basis. After each committee meeting the chair prepares a chair's log which is reported to the Board

# Value for Money

We have attended all Audit and Risk Committee meetings in year and have reviewed the agendas, reports and minutes of the Board and each of the sub-committees. The meetings have focused on key elements of the relevant terms of reference.

The Trust have a number of policies and procedures in place which set clear expectations in terms of the standards that are required to be met and reporting of performance against these policies. There is a Standards of Business Conduct Policy in place and bi-annual reporting to the Audit and Risk Committee of any breaches. Reporting at the end of 2023/24 focussed on the rate of completion of annual declarations of interest with a 61% compliance rate for 2023/24, this is an improvement on the position at the end of 2022/23 and evidence of arrangements for follow up having a positive impact.

**Based on the above considerations, we are satisfied there is not a significant weakness in the Trust's arrangements in relation to governance.**

# Value for Money

## Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria

### Trust's arrangements for assessing performance and evaluating service delivery

The Trust assesses performance on a financial and non-financial basis. Reporting to the Board is via a monthly the Integrated Performance Report and Integrated Finance Report. The sub committees of the Board monitor performance against the metrics relevant to the Committees terms of reference, this monitoring is on a more detailed level. Monitoring is primarily undertaken by the Finance and Performance Committee (FPC) and Quality Committee (QC). The Board receive a monthly Integrated Performance Report and Integrated Finance Report.

The Quality Committee are responsible for ensuring the highest standard of care is provided to patients, and that the Trust continually improves the standard of care delivered. The Quality Committee receive a monthly Integrated Performance Report focussing on the quality performance metrics. We have reviewed of the agendas, reports and minutes of the meetings held in year and seen appropriate challenge of performance taking place. As part of their role the Quality Committee are responsible for the review of the Quality Accounts, which reports externally on performance in year.

The Finance and Performance Committee is responsible for monitoring operational and financial performance and considers both financial and non-financial performance. Each month the Committee takes a deep dive into the performance of a division as well as receiving Trust wide performance reports. The Committee has standing item every month covering Divisional Performance Escalations, where these are required. The Committee also receive reports from the Efficiency Board who have specific responsibilities in relation to CIPs.

The Integrated Performance Report (IPR) provides a monthly summary of Trust Performance across the four domains of Operational Delivery, Quality, Finance and Workforce. It highlights performance against agreed national, local or benchmarked targets. Statistical Process Control charts are included against key metrics. The report includes sufficient information to understand performance trends and highlight potential issues. Our review of the Board minutes also demonstrates sufficient challenge from non-executive directors on the Trust's costs, performance and service delivery.

The Audit and Risk Committee reviews the Annual Report and Accounts, and the Annual Governance Statement before adoption by the Board. The Annual Report sets out the Trust's performance against key indicators, and how it evaluates and assesses performance and any identified improvement opportunities.

### Care Quality Commission Inspections

The Care Quality Commission (CQC) independently assess the quality of patient care provided by the Trust. The last full inspection the Trust was undertaken in May and June 2021 and reported in September 2021. As a result of this inspection the CQC placed conditions of registration on the Trust. These conditions were successfully lifted on 9 May 2022.

Following the CQC inspection the Trust developed a Quality Improvement Plan to address each of the actions raised in the inspection. Monitoring of progress against these actions is undertaken by the Quality Delivery Group and the Quality Committee. We have reviewed the Quarterly Quality Assurance Reports received by the Quality Committee. The level of actions self-assessed as being delivered and embedded has increased from 51% at the beginning of the year to 93% at the end of Q4. The remaining 7% are completed but not yet fully embedded.

The Trust have completed self-assessments over the year covering 22 different areas and services including Outpatients, Community, Children's, Maternity, Critical Care, Therapies, Dietetics and Cardiology. This has included assessment against a range of area specific criteria and awarding of a rating of outstanding, good, requires improvement and inadequate. A total of 779 criteria have been assessed. Of the 779 areas, 651 are good or outstanding, 127 are requiring improvement, and only 1 area was assessed as inadequate. The inadequate score is in relation to the waiting time to access children's therapy services in the community. The Trust has developed an action plan to address this with local partners. While the Trust recognises these are self-assessments, and so cannot be taken as the definitive position, they do form a useful measure to drive the focus of attention.

As part of the Trust's response to the actions identified by the CQC, quality dashboards have been developed to assess performance and quality. This is in the process of being further develop into an internal accreditation system, which will directly link the performance of the division to the domains used by the CQC in their assessment

The Quarterly Quality Assurance Reports detailed above are also received by the Board.

# Value for Money

## Partnerships

The Trust is an active member of the South Yorkshire Integrated Care System (SY ICS) and Rotherham Place. Both are supported by the Trust's Executives and other colleagues as required through attendance at weekly/monthly meetings. The Board also reviews ICS and ICP reports on a regular basis, which cover any national updates, as well as developments across SY ICB and Rotherham Place.

The Trust has worked with the SY ICS to submit the 2024/24 financial plan, which required the trust to work collaboratively with ICS partners to ensure financial plans can be delivered within the system-wide allocated funding.

Rotherham is a member of a joint working agreement with a number of Trusts, referred to as the Acute Federation, formerly the Working Together Partnership. In March 2024 the Trust undertook a review of committees in common with other members of the Acute Federation, with the view that each partner should establish a Committee in Common. The Trusts involved are Barnsley Hospital NHS Foundation Trust, Doncaster and Bassetlaw Teaching Hospitals NHS Foundation Trust, Sheffield Childrens NHS Foundation Trust, Sheffield Teaching Hospitals NHS Foundation Trust, and The Rotherham NHS Foundation Trust. The aims of this partnership are to work together to drive the quality of care, take proactive approaches to reduce health inequalities, collaboratively develop colleagues and teams, be great partners to the rest of the health and care system in SYB, support each other to achieve NHS waiting time standards, and seek innovative ways to more effectively use the NHS pound.

## Procurement

The Trust has a Procurement Policy in place which requires all procurement to be undertaken in line with the Public Contracts Regulations 2015.

The Trust employs an internal professionally qualified procurement team who manage procurement activity across the whole organisation. The procurement team manage a tendering and contract management portal to identify contract renewals and advertise new opportunities. The Contracts Manager undertakes performance management on key contracts to ensure they deliver the benefits identified. Regular reports are made to Audit and Risk Committee on any tender waivers and / or any breaches in financial regulations.

**Based on the above considerations, we are satisfied there is not a significant weakness in the Trust's arrangements in relation to the improving economy, efficiency and effectiveness.**



# Appendices

A: Draft management representation letter

B: Draft audit report

C: Confirmation of our independence

D: Other communications

# Appendix A: Draft management representation letter

Forvis Mazars  
One St Peter's Square  
Manchester  
M2 3DE

Xx June 2024

Dear Daniel

## **The Rotherham NHS Foundation Trust - Audit for Year Ended 31 March 2024**

This representation letter is provided in connection with your audit of the financial statements of The Rotherham NHS Foundation Trust (the Trust) for the year ended 31 March 2024 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the DHSC Group Accounting Manual 2023/24.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

### **My responsibility for the financial statements and accounting information**

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Group Accounting Manual 2023/24 (the GAM), and relevant legislation and International Financial Reporting Standards (IFRS) as adapted and adopted by HM Treasury.

### **My responsibility to provide and disclose relevant information**

I have provided you with:

- access to all information of which I am aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Trust you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Accounting Officer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

### **Accounting records**

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Board and relevant committee meetings, have been made available to you.

### **Accounting policies**

I confirm that I have reviewed the accounting policies applied during the year in accordance with Group Accounting Manual and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Trust's financial position, financial performance and cash flows.

### **Accounting estimates, including those measured at fair value**

I confirm that any significant assumptions used by the Trust in making accounting estimates, including those measured at fair value, are reasonable.

### **Contingencies**

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Trust have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Group Accounting Manual and relevant legislation and IFRSs as adapted and adopted by HM Treasury.

# Appendix A: Draft management representation letter

## Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Trust has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

## Fraud and error

I acknowledge my responsibility as Accounting Officer for the design, implementation and maintenance of internal control to prevent and detect fraud and error and I believe I have appropriately fulfilled those responsibilities.

I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Trust involving:
  - management and those charged with governance;
  - employees who have significant roles in internal control; and
  - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Trust's financial statements communicated by employees, former employees, analysts, regulators or others.

## Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Group Accounting Manual and relevant legislation and IFRSs.

I have disclosed to you the identity of the Trust's related parties and all related party relationships and transactions of which I am aware.

## Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment and intangible assets below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

## Charges on assets

All the Trust's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

## Future commitments

The Trust has no plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Service Concession Arrangements

I am not aware of any material contract variations, payment deductions or additional service charges in 2023/24 in relation to the Trust's PFI schemes that you have not been made aware of.

## Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Group Accounting Manual, relevant legislation and IFRSs, require adjustment or disclosure have been adjusted or disclosed. Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

## Impacts of Russian Forces entering Ukraine

I confirm that I have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the Trust, including the impact of mitigation measures and uncertainties, and that the disclosure in the Annual Report and the subsequent events note 46 to the financial statements fairly reflects that assessment.

## Covid-19

I confirm that I have carried out an assessment of the potential impact of the Covid-19 Virus pandemic on the business, including the impact of mitigation measures and uncertainties, and that the disclosure in the Annual Report and the subsequent events note 46 to the financial statements fairly reflects that assessment.

## Brexit

I confirm that I have carried out an assessment of the impact of the United Kingdom leaving the European Union, including the impact of the Trade and Cooperation Agreement, and that the disclosure in the Annual Report fairly reflects that assessment.

## Going concern

To the best of my knowledge there is nothing to indicate that the Trust will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

# Appendix A: Draft management representation letter

## **Annual Governance Statement**

I am satisfied that the Annual Governance Statement (AGS) fairly reflects the Trust 's risk assurance and governance framework and I confirm that I am not aware of any significant risks that are not disclosed within the AGS.

## **Annual Report**

The disclosures within the Annual Report and Remuneration and Staff Report fairly reflect my understanding of the Trust 's financial and operating performance over the period covered by the financial statements.

## **Unadjusted misstatements**

I confirm that the effects of the unadjusted misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole.

## **Value for Money**

I confirm that I have disclosed to you all findings and correspondence from regulators for previous and

ongoing inspections of which I am aware. In addition, I have disclosed to you any other information that would be considered relevant to your work on value for money arrangements.

Yours faithfully

Dr R Jenkins  
Chief Executive and Accounting Officer

# Appendix B: Draft audit report

## Independent auditor's report to the Council of Governors of The Rotherham NHS Foundation Trust

### Report on the audit of the financial statements

#### Opinion on the financial statements

We have audited the financial statements of The Rotherham NHS Foundation Trust ('the Trust') for the year ended 31 March 2024 which comprise the Statement of Comprehensive Income, the Statement of and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual 2023/24 as contained in the Department of Health and Social Care Group Accounting Manual 2023/24, and the Accounts Direction issued under the National Health Service Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2024 and of the Trust's income and expenditure for the year then ended;
- have been properly prepared in accordance with the Department of Health and Social Care Group Accounting Manual 2023/24; and
- have been properly prepared in accordance with the requirements of the National Health Service Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Accounting Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, and taking into account the requirements of the Department of Health and Social Care Group Accounting Manual, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Trust's ability to continue as a going concern for a period of at least twelve months from when the financial

statements are authorised for issue.

Our responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in these regards.

#### Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Chief Executive's Responsibilities as the Accounting Officer of The Rotherham NHS Foundation Trust, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Accounting Officer is required to comply with the Department of Health and Social Care Group Accounting Manual 2023/24 and prepare the financial statements on a going concern basis, unless the Trust is informed of the intention for dissolution without transfer of services or function to another public sector entity. The Accounting Officer is responsible for assessing each year whether or not it is appropriate for the Trust to prepare financial statements on the going concern basis and disclosing, as applicable, matters related to going concern.

# Appendix B: Draft audit report

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Trust, we identified that the principal risks of non-compliance with laws and regulations related to the National Health Service Act 2006 (as amended by the Health and Social Care Act 2012), and we considered the extent to which non-compliance might have a material effect on the financial statements.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- inquiring with management and the Audit Committee, as to whether the Trust is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Trust which were contrary to applicable laws and regulations, including fraud.

We evaluated the Accounting Officer's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue and expenditure cut off, valuation of land and buildings, and IFRS 16 implementation for PFI liabilities.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Audit and Risk Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing, performing procedures on accounting estimates impacting amounts included in the financial statements and consideration of identified significant transactions outside the normal course of business.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Audit Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

We are also required to conclude on whether the Accounting Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the Comptroller and Auditor General in February 2023.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

# Appendix B: Draft audit report

## Report on the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources

### Matters on which we are required to report by exception

We are required to report to you if, in our opinion, we are not satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We have nothing to report in this respect.

### Responsibilities of the Accounting Officer

The Chief Executive as Accounting Officer is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the Trust's use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

### Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required by Schedule 10(1) of the National Health Service Act 2006 to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in May 2024.

## Report on other legal and regulatory requirements

### Opinion on other matters prescribed by the Code of Audit Practice

In our opinion:

- the parts of the Remuneration and Staff Report subject to audit have been properly prepared in accordance with the requirements of the NHS Foundation Trust Annual Reporting Manual 2023/24; and
- the other information published together with the audited financial statements in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which we are required to report by exception under the Code of Audit Practice

We are required to report to you if:

- in our opinion the Annual Governance Statement does not comply with the NHS Foundation Trust Annual Reporting Manual 2023/24; or
- the Annual Governance Statement is misleading or is not consistent with our knowledge of the Trust and other information of which we are aware from our audit of the financial statements; or
- we refer a matter to the regulator under Schedule 10(6) of the National Health Service Act 2006; or
- we issue a report in the public interest under Schedule 10(3) of the National Health Service Act 2006.

We have nothing to report in respect of these matters.

### Use of the audit report

This report is made solely to the Council of Governors of The Rotherham NHS Foundation Trust as a body in accordance with Schedule 10(4) of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Council of Governors of the Trust those matters we are required to state to them in an auditor's 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 Council of Governors of the Trust as a body for our audit work, for this report, or for the opinions we have formed.

### Certificate

We certify that we have completed the audit of The Rotherham 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.

Daniel Watson Key Audit Partner  
For and on behalf of Forvis Mazars LLP

One St Peter's Square  
Manchester  
M2 3DE





## Appendix C: Confirmation of our independence

We communicate any matters which we believe may have a bearing on our independence or the objectivity of Forvis Mazars LLP and the audit team. As part of our ongoing risk assessment, we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.



We confirm that no new threats to independence have been identified since issuing our Audit Strategy Memorandum and therefore we remain independent.



## Appendix D: Other communications

Other communication	Response
 <b>Compliance with Laws and Regulations</b>	<p>We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations.</p> <p>We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.</p>
 <b>External confirmations</b>	<p>We did not experience any issues with respect to obtaining external confirmations.</p>
 <b>Related parties</b>	<p>We did not identify any significant matters relating to the audit of related parties.</p> <p>We will obtain written representations from management confirming that:</p> <ol style="list-style-type: none"> <li>a. they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and</li> <li>b. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.</li> </ol>
 <b>Going Concern</b>	<p>We have not identified any evidence to cause us to disagree with the Director of Finance that The Rotherham NHS Foundation Trust will be a going concern, and therefore we have not identified any evidence to cause us to consider that the use of the going concern assumption in preparation of the financial statements is not appropriate.</p> <p>We will obtain written representations from management, confirming that all relevant information covering a period of at least 12 months from the date of approval of the financial statements has been taken into account in assessing the appropriateness of the going concern basis of preparation of the financial statements.</p>

# Appendix D: Other communications

Other communication	Response
 <b>Subsequent events</b>	<p>We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor’s report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework.</p> <p>We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.</p>
 <b>Matters related to fraud</b>	<p>We have designed our audit approach to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. In addition to the work performed by us, we will obtain written representations from management, and where appropriate Audit and Risk Committee, confirming that</p> <ul style="list-style-type: none"> <li>a) they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud;</li> <li>b) they have disclosed to the auditor the results of management’s assessment of the risk that the financial statements may be materially misstated as a result of fraud;</li> <li>c) they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving:             <ul style="list-style-type: none"> <li>i. Management;</li> <li>ii. Employees who have significant roles in internal control; or</li> <li>iii. Others where the fraud could have a material effect on the financial statements; and</li> </ul> </li> <li>d) they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity’s financial statements communicated by employees, former employees, analysts, regulators or others.</li> </ul>

# Contact

## Forvis Mazars

### **Daniel Watson**

Director – Public and Social Sector

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