

## Council of Governors

Date:	12 <sup>th</sup> September 2024
Agenda item:	5
Title:	Annual Audit Letter
Items:	Enclosed



Royal United  
Hospitals Bath NHS  
Foundation Trust

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

# Scope of work and approach

We have three key areas of responsibility under the Audit Code

## Financial statements

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

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

## Annual Report

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

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

## Value for Money

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

To perform this work, we are required to:

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

# Key Findings

## Financial performance

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### Deficit

The Group made a deficit for the year of £8.3m (£10.0m surplus in 2022/23).

The Group's adjusted financial performance deficit was £3.5m (breakeven in 2022/23).

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### Cash Position

The Group's cash balance as at 31 March 2024 was £38.5m (£47.1m in 2022/23).

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### Cost Improvement Programme

The Trust's submitted plan for 2024/25 is for a £6.9m surplus (£5.3m deficit on an adjusted basis), achievement of which would require £36.6m of savings to be delivered (higher than the level achieved in 2023/24 of £23.5m). During 2023/24, the Trust achieved actual efficiencies of £23.5m, with recurrent savings of £13.1m, which is approximately 4.2% of the Trust's total operating expenses for the year. The total planned efficiencies for 2023/24 were £23.5m on a recurrent basis. For 2024/25, a CIP target of £36.6m, with £31.0m recurrent savings, has been included within the plan, which are significantly higher than 2023/24.

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### NHS Oversight Framework

To provide an overview of the level and nature of support required across systems and target support capacity as effectively as possible, NHS England and NHS Improvement have allocated trusts and ICB's to one of four segments. A segmentation decision indicates the scale and general nature of support needs, from no specific support needs (segment 1) to a requirement for mandated intensive support (segment 4).

The Trust was rated as 3 in the current and 2 in the prior year.

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# Key Findings

## Audit Findings

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### Financial Statements

We noted an improvement in relation to the quality of the financial statements, however there remained some casting errors and the amendments to the comparatives which required correcting.

In addition, a number of adjustments were identified during the audit which were corrected by management as reported in our Final Report to the Audit and Risk Committee.

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### Annual Report (including AGS and Remuneration Report)

We received the first version of the annual report on a timely basis, however the version provided wasn't fully complete and contained multiple inconsistencies, these were reviewed and corrected by management prior to finalising the annual report and accounts.

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### Controls

A number of recommendations were raised relating to control improvements as reported in our Final Report to the Audit & Risk Committee dated 18 June 2024. Good responses to these were provided by management although we note that some control deficiencies identified in previous years are yet to be addressed.

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### Value for Money (VFM)

No significant weaknesses were identified in relation to our VFM opinion.

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### Audit Report

Our audit report was unmodified.

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# Purpose of our report and responsibility statement

Our report is designed to help you meet your governance duties

## What we report

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

Our report summarises the findings from our Final Report to the Audit & Risk Committee dated 18 June 2024.

## The scope of our work

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

## Use of this report

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

## What we don't report

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

Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by management or by other specialist advisers.

Finally, our views on internal controls and business risk assessment should not be taken as comprehensive or as an opinion on effectiveness since they have been based solely on the audit procedures performed in the audit of the financial statements and the other procedures performed in fulfilling our audit plan.

**Deloitte LLP**

Bristol | 2 September 2024



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