



Auditor's Annual Report
North West Ambulance Service NHS Trust – year ended 31 March 2024

June 2024

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01

Introduction

Introduction

Purpose of the Auditor's Annual Report

Our Auditor's Annual Report (AAR) summarises the work we have undertaken as the auditor for North West Ambulance Service NHS Trust ('the Trust') for the year ended 31 March 2024. Although this report is addressed to the Trust, it is designed to be read by a wider audience including members of the public and other external stakeholders.

Our responsibilities are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice ('the Code') issued by the National Audit Office ('the NAO'). The remaining sections of the AAR outline how we have discharged these responsibilities and the findings from our work. These are summarised below.



Opinion on the financial statements

We issued our audit report on the 21st June 2024. Our opinion on the financial statements was unqualified.



Wider reporting responsibilities

In line with group audit instructions issued by the NAO, on the 21st June 2024 we reported that the Trust's consolidation schedules were consistent with the audited financial statements.



Value for Money arrangements

We did not identify any significant weaknesses in the Trust's arrangements to secure economy, efficiency and effectiveness in its use of resources. Section 3 provides our commentary on the Trust's arrangements.

02

Audit of the financial statements

Audit of the financial statements

Our audit of the financial statements

Our audit was conducted in accordance with the requirements of the Code, and International Standards on Auditing (ISAs). The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Trust and whether they give a true and fair view of the Trust's financial position as at 31 March 2024 and of its financial performance for the year then ended. Our audit report, issued on 21st June 2024 gave an unqualified opinion on the financial statements for the year ended 31 March 2024.

A summary of the significant risks we identified when undertaking our audit of the financial statements and the conclusions we reached on each of these is outlined in Appendix A. In this appendix we also outline the uncorrected misstatements we identified and any internal control recommendations we made.

Qualitative aspects of the Trust's accounting practices

We reviewed the Trust's accounting policies and disclosures and concluded they comply with 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 24th April 2024 and were of a good quality. The accounts were supported by good quality working papers. In addition, the finance team provided prompt responses to our audit queries.

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.

Other reporting responsibilities

Reporting responsibility	Outcome
Annual Report	We did not identify any significant inconsistencies between the content of the annual report and our knowledge of the Trust. We confirmed that the Governance Statement had been prepared in line with Department of Health and Social Care (DHSC) requirements.
Annual Governance Statement	We did not identify any matters where, in our opinion, the governance statement did not comply with the guidance issued by NHS Improvement.
Remuneration and Staff Report	We report that the parts of the Remuneration and Staff Report subject to audit have been properly prepared in accordance with the National Health Service Act 2006.

03

Our work on Value for Money
arrangements

VFM arrangements

Overall Summary



VFM arrangements – Overall summary

Approach to Value for Money arrangements work

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.



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.

Our work is carried out in three main phases.

Phase 1 - Planning and risk assessment

At the planning stage of the audit, we undertake work so we can understand the arrangements that the Trust has in place under each of the reporting criteria; as part of this work we may identify risks of significant weaknesses in those arrangements.

We obtain our understanding of arrangements for each of the specified reporting criteria using a variety of information sources which may include:

- NAO guidance and supporting information
- Information from internal and external sources including regulators
- Knowledge from previous audits and other audit work undertaken in the year
- Interviews and discussions with staff and directors

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 there are further risks of significant weaknesses.

Phase 2 - Additional risk-based procedures and evaluation

Where we identify risks of significant weaknesses in arrangements, we design a programme of work to enable us to decide whether there are actual significant weaknesses in arrangements. We use our professional judgement and have regard to guidance issued by the NAO in determining the extent to which an identified weakness is significant.

Phase 3 - Reporting the outcomes of our work and our recommendations

We are required to provide a summary of the work we have undertaken and the judgments we have reached against each of the specified reporting criteria in this Auditor's Annual Report. We do this as part of our Commentary on VFM arrangements which we set out for each criteria later in this section.




We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Trust. We refer to two distinct types of recommendation through the remainder of this report:

- **Recommendations arising from significant weaknesses in arrangements** - We make these recommendations for improvement where we have identified a significant weakness in the Trust arrangements for securing economy, efficiency and effectiveness in its use of resources. Where such significant weaknesses in arrangements are identified, we report these (and our associated recommendations) at any point during the course of the audit.
- **Other recommendations** - We make other recommendations when we identify areas for potential improvement or weaknesses in arrangements which we do not consider to be significant but which still require action to be taken.

The table on the following page summarises the outcomes of our work against each reporting criteria, including whether we have identified any significant weaknesses in arrangements or made other recommendations.

VFM arrangements – Overall summary

Overall summary by reporting criteria

Reporting criteria	Commentary page reference	Identified risks of significant weakness?	Actual significant weaknesses identified?	Other recommendations made?
 Financial sustainability	11	No	No	No
 Governance	14	No	No	No
 Improving economy, efficiency and effectiveness	17	No	No	No

VFM arrangements

Financial Sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services



VFM arrangements – Financial Sustainability

Overall commentary on Financial Sustainability

Background to the NHS financing regime in 2023/24

During the course of the year, and into 2024/25, the focus of the funding regime has continued to be recovering core services and productivity following the Covid-19 pandemic. This has facilitated the need for collaborative working between commissioners and service providers, as local systems were expected to work together to deliver a balanced position in 2023/24, with additional funding available for those systems exceeding target activity levels through the Elective Recovery Fund. The planning guidance for 2023/24 supports the transition back to local agreement of contracts and requires systems to achieve a break even position each year. This will necessitate further collaboration through the planning process, as individual organisations work together to achieve system-level outcomes.

For the ambulance sector, the delivery of Urgent and Emergency Care (UEC) services has been under growing pressure in recent years, and since the pandemic the sector has had to deal with a combination of issues affecting the flow of patients into, through and out of the hospital. The impact of this is most visible in A&E performance. A delivery plan for UEC has been developed to recover this position, which has including additional funding for UEC to grow the workforce, and developing new ways to ensure the patient is on the most appropriate pathway.

In 2023/24 all Integrated Care Systems (ICS) across the North West obtained NHSE approval to continue with block contract and local payment arrangements for NWS Paramedic Emergency Services (PES), Patient Transport Service (PTS) and 111 contracts. Contract income was based on nationally calculated block payments, which has been uplifted for inflation and reduced for the national efficiency target. A number of other top-ups were added including system top-up funding, and System Development Funding for NHS 111.

Following the 2022 Autumn statement, NHSE issued two year revenue allocations, for 2023/24 and 2024/25. The priority set out is to recover the core services and productivity, of which ambulance response and reducing ambulance handover is listed as imperative to improve patient safety outcomes and experience. For 24/25 the Trust has submitted a balanced financial plan which includes a £15.05m efficiency target equating to 2.8% of gross expenditure.

2023/24 Financial performance

We have undertaken a high level analysis of the financial statements, including the Statement of Comprehensive Income, the Statement of Financial Position and the Statement of Changes in Taxpayers Equity.

The surplus for the year from continuing operations is reported at £1.80m, compared with a deficit of £4.30m in the 2022/23 year. The ICS required the Trust to achieve a break even position per the agreed plan for 2023/24. Throughout the financial year the Trust has reported an improved expected forecast position of £3.8m, due to a favourable change in the discount rates, the Trust has seen a further improvement in the financial position.

The improvement in the financial position is mostly driven by an increase in finance income of £2.8m, this is due to an increase in interest rates during the year, and an improvement in the operating deficit. The adjusted financial performance position for the year on a control total basis is reported as a £5.85m surplus (£4.87m surplus reported for 2022/23). This outturn position was ahead of the plan agreed with NHSE in May 2023. The adjusted financial performance excludes impairments of £3.66m charged to expenditure, this is due to the reduction in land and building values following revaluation. The Trust continues to meet its statutory financial targets, including the duty to break-even, and to operate within the Trust's assigned External Financing and Capital Resource limits.

The Statement of Financial Position also shows an improved position with total net assets of £106.9m at 31 March 2024 (£102.6m at 31 March 2023). This includes an increase of £5m to property, plant & Equipment from the revaluation of assets. The Trust's cash position remains fairly stable at £61.03m at 31 March 2024 (£63.76m at 31 March 2023).

The Trust's arrangements and approach to 2023/24 financial planning

As detailed in the opening paragraphs of this section, the financial planning arrangements for 2023/24 are consistent with 2022/23. The Trust needs to submit a financial plan to the Lancashire and South Cumbria Integrated Care System (ICS) that contributes to a break even position for the ICS for the year. As a service provider across the North West, NWS also works closely with the other ICSs in order to develop its financial plans. The Trust's Finance team co-ordinates the annual budget process – drawing on input from colleagues across the Trust – with Executive oversight through reporting to Resources Committee and Trust Board.

VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria – continued

The Trust's arrangements and approach to 2023/24 financial planning continued

The Trust has actively engaged with the ICS partners on the key aspects of local & ICS system financial and operational planning. The annual planning and budget setting exercise includes the identification and quantification of financial and operational risks. Financial plans are considered by the Resources Committee prior to receiving Board approval. The Board and relevant sub-committees are kept updated on longer term financial modelling assumptions via regular reporting from the Executive Director of Finance. We have seen evidence of this through review of minutes from Resources Committee and full Board meetings

The Trust's latest submission to the ICS in May 2024 reflected a balanced plan for the year, after allowing for a productivity and efficiency target of £15.05m. This includes a reduction in the income position from the earlier submission of £5m. This has led to the efficiency target increasing from £11.4m to £15.05m in order to achieve a balanced plan. This has been managed by a £1.5m reduction in expenditure plans and £3.6m remains unidentified. The efficiency target has been increased to 2.8% of gross expenditure, this is still below the average across the system. The Trust continues to devote significant resources to working with colleagues across the ICS to deliver a balanced financial position. The Trust understands its role within the ICS and the pressures on all partners.

Through the planning process the Trust has undertaken a review of its cost pressures. This work identified £3.42m of recurrent cost pressures relating to approved business cases, regulatory compliance and other known pressures within the Trust's run rate. In addition, the Trust's plans include £4.73m of non-recurrent cost pressures. Recurrent pressures were reviewed by the Executive Leadership Committee (ELC) and draft plans have been updated in line with ELC approvals. The Trust has assumed non-recurrent cost pressures will be funded via a non-recurrent income source, with potential options being reported via the Resources Committee.

The Trust's arrangements for the identification, management and monitoring of funding gaps and savings

In recent years the Trust has delivered surpluses and operated within its financial performance measures including achievement of the breakeven duty. The financial plan for 2023/24 included a recurrent productivity and efficiency target of £12.2m, which is a £3.3m reduction to the previous year. The Trust reported progress against the target to Resources Committee as part of its regular Finance Reports. By month 12, the Trust had fully achieved its target.

The latest financial plans for 2024/25 include a recurrent productivity and efficiency target of £15.05m. Initial plans assessed within the Finance Department have identified savings totalling £8.6m to deliver. This is based on the Finance Department's assessment of previous business cases and historic areas of non-recurrent savings, and £2.9m of savings opportunities to be explored. This leaves an unidentified gap of £3.6m as at the end of May 2024. However, work to identify the savings schemes to deliver this gap is being progressed and agreed with representatives from across the Trust.

Efficiency schemes that require Quality Impacts Assessments (QIAs) are completed and formally signed off by the Director of Quality, Innovation & Improvement and the Medical Director.

Although, at the time of writing this report, there are unidentified efficiencies within the plan, we do not consider this gap to present a risk to financial sustainability. The Trust should continue in its efforts to identify plans to address the remaining gap.

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

VFM arrangements

Governance

How the body ensures that it makes informed decisions and properly manages its risks



VFM arrangements – Governance

Overall commentary on Governance

The Trust's decision making arrangements and control framework

The Trust has an established governance structure in place which is set out within its Annual Governance Statement. This is underpinned by the Trust's Core Governance Documents. Executive Directors have clear responsibilities linked to their roles and the Board Sub-Committee structure in place at the Trust allows for effective oversight of the Trust's operations and activity.

The Trust's Core Governance Documents are reviewed on an annual basis and updated in line with latest best practice. During 2023/24 the Trust's Standing Orders, Standing Financial Instructions and Scheme of Delegation were subject to review by Executive Leadership Committee and Audit Committee prior to being approved by the Board of Directors. We have confirmed this through our review of Board and committee minutes and papers, and our attendance at Audit Committee meetings.

Financial investment decisions are supported by full business cases and are reviewed by the Executive Leadership Committee (ELC). Business cases set out the strategic objectives of the project and include a full option appraisal analysis taking account of both financial and non-financial factors of all options including 'Do nothing'. Once approved by ELC projects are taken to Resources Committee to allow for scrutiny prior to final Board sign off in line with the Trust's Scheme of Delegation.

The Trust has adopted a Standards of Business Conduct policy which is aligned to the national model policy. Registers of gifts, hospitality and interest are maintained and compliance with the policy is reported to the Audit Committee on a regular basis.

The Trust outsources its local counter fraud services to Mersey Internal Audit Agency. The Trust has in place a counter fraud policy, which has been reviewed by the Audit Committee. The work of the Local Counter Fraud Specialist is reported to the Audit Committee at every meeting.

Key regulatory returns are reviewed as part of the Trust's governance structure – for example, despite not being a Foundation Trust, the Trust is compliant with the NHS Foundation Trust Code of Governance. The annual self certifications that are legally required to be completed have been submitted.

The Trust has a full suite of governance arrangements in place. These are set out in the Trust's Annual Report and Annual Governance Statement. We reviewed these documents as part of our audit and confirmed they were consistent with our understanding of the Trust's arrangements in place.

The Trust's risk management and monitoring arrangements

Risk management at the Trust is guided by the Risk Appetite Statement which is reviewed by the Board on an annual basis.

The Policy on Risk Management defines several levels of risk registers and sets clear responsibilities for the timing of review of the registers at each level. The culmination of this is the corporate risk register, reviewed by Board on a quarterly basis, and which is integrated into the Board Assurance Framework. The BAF outlines 10 strategic risks linked to the strategic priorities of the Trust. These are linked to the Trust's Risk Appetite Statement as appropriate. Any risk on the Corporate Risk Register with a score of 15 or more is reported in the BAF as part of regular reporting to the Board.

Our review of the BAF confirmed that each risk is assigned a lead director. The 3 leading risks relate to service delivery and resources. The risk profile, in comparison to 2022/23, has improved, as hospital handover times recovered and the impact of Covid reduced. The reporting to Committee is clear and transparent, with a clear demonstration of controls, assurance and evidence in place. In addition, there is a plan of action and timescales detailed for each risk which is updated with regards to progress, allowing the Committee to scrutinise progress.

The Trust has in place structures to address the findings of the Manchester Arena Inquiry. An Emergency Preparedness Response and Resilience (EPRR) working group has been established. This reports to the EPRR sub-committee, and to the Executive Leadership committee, which finally reports to the Board. Of the 14 recommendations 12 are assessed as green and 2 are amber, the assessment is challenged by Weightmans LLP, an independent organisation. They are in place to provide independent monitoring and challenge of progress, alongside this there is also continued reporting to the Manchester Arena Recommendations Operations Group (MAROG). Furthermore, Nwas is required to report updates to the Home Office that maintain the national tracker on implementation of all recommendations.

The Trust obtains assurance over the effective operation of internal controls through its internal audit function provided by Mersey Internal Audit Agency (MIAA). Each year the Internal Audit Plan is developed with Trust management and reviewed by Audit Committee to ensure appropriate coverage against the Trust's strategic risks. Progress against the plan is reported to each meeting of the Audit Committee alongside a report detailing progress made against any critical and high risk recommendations. The work of internal audit culminates in the annual Head of Internal Audit Opinion which for 2023/24 provides substantial assurance over the system of internal controls at the Trust. The Trust also employs MIAA to provide anti-fraud services. The Annual Anti-Fraud Report presented to Audit Committee in April 2024 confirms the level of work that has been undertaken in year and the results of the Trust's self assessment against the NHS CFA (Counter Fraud Authority) standards for 2023/24.

VFM arrangements – Governance

Overall commentary on Governance reporting criteria - continued

The Trust's arrangements for budget setting and budgetary control

The Trust's budget setting process is based on national guidelines which set out the assumptions and processes in place. The outcome of the Trust's baseline budget setting process is set out in the previous section.

Budgetary control guidelines are shared annually with all budget managers and formal sign off of the budget is obtained from the budget manager. We have reviewed a sample of budgets and confirmed the budget holder had signed off their budget as approved as part of the budget setting process.

Following consolidation of the individual operational budgets, the Trust-wide plan is taken through the Trust governance process including the Resources Committee and Board of Directors. Our review of minutes confirms this to be the case with papers covering the Trust's I&E position, statement of financial position, forecast cash and capital expenditure and links into the Trust's planned efficiencies.

Budgetary control is a continuous process at the Trust. The Trust is required to formally report its financial position and forecast outturn at each month end to NHSE. As part of these monthly returns, and annual planning rounds, the Trust is required to submit a triangulation file which reconciles activity, workforce and finance returns to ensure consistency. We have reviewed an example monthly return alongside the year-end return submitted to NHSE. In each case the return reconciles to the financial position reported to the Resources Committee.

As set out in the previous section the financial position is reported to the Resources Committee each month and includes sufficient detail to allow for effective review and challenge at the senior leadership level.

Regulators – Care Quality Commission (CQC)

The latest CQC inspection report of the Trust was published in July 2022. This was around "urgent and emergency care" and focused pressure resilience inspections in the North West, covering the North Mersey and South Cumbria & Lancashire areas, together with an NWAS organisation review. The overall CQC rating for the Trust remains 'Good'. The Trust is currently working with the CQC, under the new arrangements of the Single assessment framework, this requires the Trust to provide information and evidence on a rolling basis, so that there is continuous assessment against the quality statements. The Trust is in the process of making changes to the quality assurance visit processes, and this is reported to the Audit Committee via the Board Assurance Framework regularly.

The Trust has also been subject to an inspection by the HSE (Health and Safety Executive) the second stage of the visit was undertaken in March 2024, the report is not as yet available.

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

VFM arrangements

Improving Economy, Efficiency and Effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services



VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on Improving Economy, Efficiency and Effectiveness

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

The Board of Directors received monthly integrated performance reports detailing the Trust's performance against key metrics. The data has been reported on a consistent basis and explanations provided for performance.

- Month 12 has seen an 8% increase in call volume compared to the prior year, and a 3% increase in incidents. This is attributed to business as usual, as patients are more likely to call if they are experiencing issues as Covid has passed, and there has been the impact of industrial action by junior doctors which has put pressure on Urgent and Emergency Care (UEC).
- Long waits for Category 1 (calls from people with life-threatening illnesses and injuries) and Category 2 (emergency calls) calls have both fallen consistently in the last half of the year and have been on a path of reducing rates, with a 21% decrease in Category 1 long waits and a 65% decrease in Category 2 long waits. These improvements are linked to the improvements made upstream as Category 2 calls are segmented and patients are put on more appropriate pathways promptly, this has led to resources being allocated more effectively reducing waiting times.
- Calls which resulted in non-conveyance was 41.4% compared to 42.9% for the prior year, patients were able to be dealt with via hear and treat and see and treat thereby freeing up resources to deal with more patients. The commencement of staff in the clinical hub, is expected to have a positive impact on hear and treat rates as clinical advice can be given at an earlier point.
- The Trust was unable to meet any ARP (Ambulance Response Performance) category targets during the year due to issues including hospital turnaround. However, the Trust is making positive progress and reducing the ambulance response time, with a national ranking of 3rd for response to high acuity patients in the Category 1 measure. Furthermore, the Trust has met the UEC recovery standard of 30 minutes for the Category 2 measure at 28m:44s. These improvements are being delivered through initiatives funded by the UEC funding, a continued drive to improve hear & treat and see & treat rates and improving handover times

Work on hospital handover issues have continued during 2023/24 with all ICBs being requested to appoint a senior lead to lead on hospital handover. A North West Handover Improvement Board has been established with an agreed terms of reference. Progress has been made with improvements in handover times in Greater Manchester being under 30 minutes. Work is ongoing with the 3 ICBs alongside AQUA to continue to improve handover times across the North West

Whilst there are performance issues noted, these are not issues isolated to NWAS as a Trust and are inherent across the Ambulance Trust sector. The issues are being reported to the Board on a regular basis, and action

taken to try and address the issues. This is indicative of transparent reporting, and the Trust demonstrates that it aims to identify the root causes and is able to work both internally and with others in the health care system to improve performance.

The Trust's arrangements for effective partnership working

NWAS has continued to expand its extensive engagement strategy with multiple stakeholder groups. The Trust now has an established patient and public panel comprising 250 groups covering a cross section geographically, both urban and rural and across the age range, which meets on a regular basis and has continued to do so throughout the pandemic. The Trust continues to aim to ensure there is representation from a cross section of society. Panel members are invited to get involved in the Trust's activities including opportunities to attend Board meetings, development sessions and Q&A sessions with the Executive.

The Trust has in place a structured format on how they engage with various stakeholders and obtain feedback on PES, 111 services, mental health support and translations services. For example, the Trust has attended over 30 community events in quarter 2, obtaining feedback, which has helped to shape how services are delivered. In addition, the Trust provides regular updates to and briefings to the two elected mayors in the region, on monthly performance statistics and action plans that are being implemented to improve service. Briefings to all hospitals regarding the hospital handover delays and implementing new standard procedures.

The Trust has continued with its engagement of the 72 MPs in the North West. All MPs were written to, and there has been engagement with MPs that have responded to the Trust with concerns about service performance.

Monthly Board stories have been an effective way for service users and staff to tell their stories, and the real impact that NWAS has on end users. These have served to provide ways to demonstrate that there has been learning and improvement in response to incidents, for example the use of the British Sign Language 999 App function ensuring emergency access to deaf patients, and the ongoing work to introduce the app to the 111 service.

VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on Improving Economy, Efficiency and Effectiveness Reporting Criteria - continued

The Trust's arrangements for commissioning services

The procurement of all goods and services is governed by the NWS Board approved Standing Financial Instructions. These set the procurement involvement required based on law and best practice. Procurements cannot commence unless there is an appropriate budget available or approved business case. Depending on value pre-tendering approval is also required. Goods and services over £100k must be compliant with the Public Contract Regulations. The approval process for contract awards over £25k and below £500k is the Head of Procurement reviews all recommendations and endorses the recommendation before they are forwarded to the Director of Finance for final approval and sign off. Awards over £500k must be taken through Resources Committee and approved at Board.

The Trust continues to maintain a contracts database which is used to develop the workplan for the procurement team alongside capital regulations. A process of obtaining quotes, tenders or OJEU tenders is put into action depending on value and based on a comprehensive specification of requirements. Evaluations are undertaken by a panel of subject experts.

Frameworks are used wherever possible and often involve collaboration with other ambulance trusts to deliver economies of scale. For example, in supply and fit of tyres the Trust used the Crown Commercial Service Framework. For routine purchase of consumables NHS supply chain is used.

Procurement activity is reported to Resources Committee on a regular basis to allow for scrutiny and governance review.

A full waiver process is in place whereby waivers are reviewed and signed off by the Head of Procurement, Director of Corporate Affairs, Director of Finance and Chief Executive. Waivers are reported to Audit Committee for scrutiny on a regular basis. The Trust has set a maximum of 5 waivers per month, in 23/24 this target has been met throughout the year.

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

Other reporting responsibilities and our fees

Other reporting responsibilities and our fees

Other reporting responsibilities

Statutory recommendations and public interest reports

Under section 7 of the Local Audit and Accountability Act 2014, auditors of an NHS body can make written recommendation to the audited bodies. Auditors also have the power to make a report if they consider a matter is sufficiently important to be brought to the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

We did not issue any statutory recommendations or exercised our power to make a report in the public interest during 2023/24.

Section 30 referrals

Under Section 30 of the Local Audit and Accountability Act 2014, auditors of an NHS body have a duty to consider whether there are any issues arising during their work that indicate possible or actual unlawful expenditure or action leading to a possible or actual loss or deficiency that should be referred to the Secretary of State, and/or relevant NHS regulatory body as appropriate.

We have not issued a Section 30 referral to the Secretary of State.

Reporting to the National Audit Office (NAO)

The NAO, as group auditor, requires us to report to them whether consolidation data that the Trust has submitted is consistent with the audited financial statements. The NAO also included the Trust in its sample of component bodies for the purpose of its audit of the DHSC group.

We reported to the NAO that consolidation data was consistent with the audited financial statements. We also reported to the NAO in line with its group audit instructions.

Fees for our work as the Trust's auditor

We reported our proposed fees for the delivery of our work under the Code of Audit Practice in our Audit Strategy Memorandum presented to the Audit Committee on 19th January 2024. Having completed our work for the 2023/24 financial year, we can confirm that our fees are as follows:

Area of work	2023/24 fees	2022/23 fees
Planned fee in respect of our work under the Code of Audit Practice	£72,750	£72,750
Additional fees in respect of the Trust falling within scope of the definition of a Major Local Audit	£5,000	Nil
Total fees	£77,750	£72,750

Fees for other work

We confirm that we have not undertaken any non-audit services for the Trust in the year.

Appendices

A: Further information on our audit of the financial statements

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.
- any further significant matters discussed with management; and
- any significant difficulties we experienced during the audit

Management override of controls

Description of the risk

In all entities, 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, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.

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
- Journals recorded in the general ledger and other adjustments made in preparation of the financial statements.

Audit conclusion

We have completed all planned work and procedures in relation to the risk and have no issues to report or bring to your attention.

Significant findings

Risk of fraud in revenue recognition

Description of the risk

The risk of fraud in revenue recognition is presumed to be a significant risk on all audits due to the potential to inappropriately shift the timing and basis of revenue recognition as well as the potential to record fictitious revenues or fail to record actual revenues. For the Trust we deem the risk to relate specifically to the recognition of income around the year end.

How we addressed this risk

We addressed this risk through performing audit work including:

- Evaluating the design and implementation of controls the Trust has in place over the recognition of revenue
- Testing of material income adjustments at the year end
- Testing receipts in the pre and post year end period to ensure they have been recognised in the right year; and
- Reviewing intra-NHS reconciliations and data matches provided by the Department of Health and Social Care and, if necessary, seek direct confirmation from the third parties or external auditors.

Audit conclusion

We have completed our planned work and procedures in relation to the risk and have no issues to report or bring to your attention.

Significant findings

Risk of fraud in expenditure recognition

Description of the risk

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

For the Trust we deem the risk to relate specifically to the accuracy and existence of non-pay accruals, provisions, deferred income and the existence and accuracy of capital expenditure in quarter 4 of 2023/24.

How we addressed this risk

We addressed this risk through performing audit work including:

- Testing payments pre and post year end period to ensure they have been recognised in the right year
- Testing a sample of individual accruals to supporting documentation to confirm the method of calculation and to confirm inclusion in the correct period
- Testing a sample of capital additions of Property, Plant and Equipment focusing around the transactions recorded in quarter 4 to confirm they met the recognition criteria of capital expenditure
- Considering the completeness and valuation of provisions recorded in the statement of financial position

Audit conclusion

We have completed our planned work and procedures in relation to the risk and within our expenditure cut off testing we identified an issue relating to an annual license fee which identified a small error in the treatment of a Payment in Advance. Because the error was identified in our sample testing, the error has been extrapolated to consider the potential impact on the untested population. The extrapolated impact is immaterial.

Significant findings

Valuation of property, plant and equipment**Description of the risk**

Land and Building are some of the Trust's highest value assets accounting for £41.1m of the Trust's £109.5m Property, Plant and Equipment balance at 31 March 2024. The level of estimation uncertainty arising from the extensive use of judgement in the valuation process, along with the size of the asset base means that we consider valuation of land and buildings to be a significant risk.

Management engages Deloitte LLP as an expert to assist in determining the current value of land and building to be included in the financial statements. Changes in the value of land and buildings, as well as additional capital works being completed in the year, may impact on the Statement of Comprehensive Income depending on circumstances and the specific accounting requirements of the Group Accounting Manual.

How we addressed this risk

We addressed this risk through performing audit work including:

- Liaise with management on the understanding on the approach taken by the Trust in its valuation of land and building, including documenting our review and challenge of the methodology that the Trust has used
- Reviewing the underlying data, and sample testing to gain assurance of its accuracy
- Reviewing the scope and terms of the engagement with Deloitte
- Reviewing how management use the Deloitte report to value land and building in the financial statements
- Obtain an understanding of the skills, experience and qualification of the valuer, and considering the appropriateness of the instructions to the valuer from the Trust
- Reviewing the valuation approach and assessment in respect of capital additions within the year to ensure we understand how valuations have been updated and amended as the asset have been bought into use
- Testing a sample of valuation movements to gain assurance that the accounting treatment is appropriate, and we will also consider evidence of regional valuation trends

Audit conclusion

We have completed our planned work and procedures in relation to the risk and have no issues to report or bring to your attention.

Summary of misstatements

We set out below a summary of the misstatements we identified during our audit, above the trivial threshold for adjustment of £300k. .

The 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. There are no adjusted misstatements to report.

Our overall materiality, performance materiality, and clearly trivial (reporting) threshold were reported in our Audit Summary Memorandum, issued in 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: Prepayments				
Cr: Expenditure			1,034	
Within our expenditure cut off testing we identified a small error relating to an annual licenses fee which identified an error in the treatment of a Payment in Advance. Because the error was identified in our sample testing, the error has been extrapolated to consider the potential impact on the untested population. We found the extrapolated impact is immaterial.		1,034		
Aggregate effect of unadjusted misstatements		1,034	1,034	

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.

Internal control conclusions

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

We have noted from our testing of asset ownership that for one site with shared ownership, the title deed does not show North West Ambulance Service NHS Trust as the owner.

Potential effects

There are potential issues when the Trust wants to make any significant changes to the asset, or dispose of the asset, where ownership can't be confirmed via the land registry.

Recommendation

The Trust should ensure that the title is split appropriately between both entities.

Management response

The Trust will continue discussions with the co-locator (NHS Blood and Transplant) to request a split of the title for the station.

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

Our testing of leases has identified the Trust has not established that initial rent payments and subsequent payments are in line with market conditions where leases increase with RPI.

Potential effects

The Right of Use and the Lease liability in the Statement of Financial Position could be incorrectly stated.

Recommendation

The Trust should review lease arrangements to identify those which are not subject to market condition rent reviews. Where this is the case, the Trust should obtain valuations from an appropriately qualified valuer.

2023/24 update

The Trust has completed rent reviews and confirmed that all leases in place have rent reviews in place.

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