

Executive Summary

Report to the Council of Governors

Being held on 26 July 2021

Subject	Auditor's Annual Report 2020/21
Supporting TEG Member	Neil Priestley, Director of Finance
Author	Mazars
Status¹	N

PURPOSE OF THE REPORT

The Auditor's Annual Report (AAR) summarises the work undertaken by Mazars as External Auditor for the Trust for the year ended 31 March 2021.

KEY POINTS

- The report confirms that the Trust's External Auditors issued an unqualified opinion on the Trust's 2020/21 financial statements on 11 June 2021.
- The report also provides External Audit's commentary on the Trust's Value for Money arrangements and a summary of recommendations in relation to this.

IMPLICATIONS

AIM OF THE STHFT CORPORATE STRATEGY 2017-2020		TICK AS APPROPRIATE
1	Deliver the Best Clinical Outcomes	
2	Provide Patient Centred Services	
3	Employ Caring and Cared for Staff	
4	Spend Public Money Wisely	✓
5	Deliver Excellent Research, Education & Innovation	

RECOMMENDATIONS

The Council of Governors is asked to **NOTE** the Auditor's Annual Report for the year ended 31 March 2021.

APPROVAL PROCESS

Meeting	Date	Approved Y/N
Audit Committee	13/7/21	Y
Council of Governors	26/7/21	

Auditor's Annual Report

Sheffield Teaching Hospitals NHS
Foundation Trust – year ended 31 March
2021

July 2021



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Section 01: **Introduction**

1. Introduction

Purpose of the Auditor's Annual Report

Our Auditor's Annual Report (AAR) summarises the work we have undertaken as the auditor for Sheffield Teaching Hospitals NHS Foundation Trust ('the Trust') for the year ended 31 March 2021. 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 11 June 2021. Our opinion on the financial statements was unqualified.



Wider reporting responsibilities

In line with group audit instructions issued by the NAO, on 24 June 2021 we reported that the Trust's consolidation schedules were consistent with the audited financial statements.



Value for Money arrangements

In our audit report we reported that we had not completed our work on the Trust's arrangements to secure economy, efficiency and effectiveness in its use of resources and had not issued recommendations in relation to identified significant weaknesses in those arrangements at the time of reporting. Section 3 confirms that we have now completed this work and provides our commentary on the Trust's arrangements and a summary of our recommendations.

Following the completion of our work we have issued our audit certificate which formally closes the audit for the 2020/21 financial year. In the audit certificate we included reference to any significant weaknesses identified and a summary of our recommendations since we issued our audit report.

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Section 02:

Audit of the financial statements

2. Audit of the financial statements

The scope of our audit and the results of our opinion

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 2021 and of its financial performance for the year then ended. Our audit report, issued on 11 June 2021 gave an unqualified opinion on the financial statements for the year ended 31 March 2021 as follows:

"In our opinion, the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2021 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 2020/21; and
- have been properly prepared in accordance with the requirements of the National Health Service Act 2006."

Qualitative aspects of the Trust's accounting practices

We have reviewed the Trust's accounting policies and disclosures and concluded they comply with Department of Health and Social Care Group Accounting Manual 2020/21, appropriately tailored to the Trust's circumstances.

Draft accounts were received from the Trust on 27 April 2021 and were of a good quality. Working papers were provided during the course of the audit.

Significant difficulties during the audit

We did not encounter any significant difficulties during the course of the audit and we had the full co-operation of management. Our audit work was carried out through remote working arrangements as a result of the constraints imposed by the COVID-19 pandemic. This included the effective use of technology and close liaison with finance and other officers of the Trust. We would like to thank the Finance Team for the quality of their supporting working papers and for being available throughout the audit to answer our queries.

Internal control recommendations

As part of our audit, we considered the internal controls in place that are relevant to the preparation of the financial statements. We did this to design audit procedures that allow us to express our opinion on the financial statements, but this did not extend to us expressing an opinion on the effectiveness of internal controls.

We identified one low risk deficiency in internal control as part of our audit - relating to journal authorisation. Management has highlighted a number of compensating controls to mitigate the associated risks and agreed to seek to address the recommendation when practicable. We are content with Management's response.

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Section 03:

Commentary on VFM arrangements

3. 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

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. Where we identify significant risks, we design a programme of work (risk-based procedures) to enable us to decide whether there is a significant weakness in 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 there are further risks of significant weaknesses.

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

The table below summarises the outcomes of our work against each reporting criteria. On the following page we outline further detail of the work we have undertaken against each reporting criteria, including the judgements we have applied.

Reporting criteria	Commentary page reference	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability	11	No	No
Governance	13	Yes – see risk on page 9	Yes – see recommendation on page 10
Improving economy, efficiency and effectiveness	15	Yes – see risk on page 9	Yes – see recommendation on page 10

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3. VFM arrangements – Risks of significant weakness in arrangements

Risks of significant weaknesses in arrangements

We have outlined below the risks of significant weaknesses in arrangements that we have identified as part of our continuous planning procedures, and the work undertaken to respond to each of those risks.

Risk of significant weakness in arrangements	Work undertaken and the results of our work
<p>1 Care Quality Commission (CQC) inspection of maternity services</p> <p>In March 2021, the CQC carried out an unannounced focused inspection of the Trust's maternity services. In their report, published in June 2021, the CQC rated the service as 'inadequate' and set out a number of areas for improvements that the Trust must address to comply with the conditions of registration.</p> <p>These matters indicate a risk of significant weaknesses in proper arrangements against the Governance and Improving Economy, Efficiency and Effectiveness reporting criteria detailed on page 8.</p>	<p>Work undertaken</p> <p>We reviewed the Trust's response to the CQC inspection and resulting report. This included reviewing the::</p> <ul style="list-style-type: none"> • action plan the Trust developed and submitted to the CQC following the inspection and on receipt of the final CQC report; and • the additional internal oversight arrangements established by the Trust to monitor progress against the action plan and address the areas for improvement identified by the CQC. <p>Results of our work</p> <p>Notwithstanding the Trust's response, in our view, the matters identified within the CQC inspection report represents a significant weakness in arrangements.</p> <p>On the 13 July 2021 we reported this significant weakness to the Trust and supported it with a recommendation for improvement. A summary of the significant weakness in arrangements identified and the supporting recommendation for improvement are provided on page 10.</p>

3. VFM arrangements - Identified significant weaknesses and our recommendations

Identified significant weaknesses in arrangements and recommendations for improvement

As a result of our work we have identified a significant weakness in the Trust's arrangements to secure economy, efficiency and effectiveness in its use of resources. The identified weaknesses have been outlined in the table below.

Identified significant weakness in arrangements	Financial sustainability	Governance	Improving the 3Es	Recommendation for improvement	Our views on the actions taken to date
<p>Care Quality Commission (CQC) inspection of maternity services</p> <p>In March 2021, the CQC carried out an unannounced focused inspection of the Trust's maternity services. The inspection was undertaken because the CQC received information that highlighted concerns about the safety and quality of the services. This inspection looked specifically at whether maternity services (one CQC core service) were 'safe', 'effective' and 'well led'. In their report published in June 2021, the CQC rated 'safe' and 'well-led' as 'inadequate' and 'effective' as 'requires improvement'. The overall service was rated 'inadequate'.</p> <p>The CQC report sets out a number of areas for improvements that the Trust must address to comply with the conditions of registration set by the CQC.</p> <p>Following the initial inspection, the Trust developed and submitted an action plan to the CQC on the 9 April 2021. The Trust is of the opinion that the action plan, as updated following receipt of the final CQC report, includes the necessary steps to address each area of improvement identified by the CQC in their inspection report and conditions of registration. The Trust has established additional internal oversight arrangements for monitoring progress against the action plan. These include the Maternity Oversight Committee reporting into the Trust Executive Group and providing assurance to the Board through the Healthcare Governance Committee.</p> <p>The Trust recognises that a failure to address the weaknesses identified in the CQC report could adversely impact upon the safety of services provided to users of maternity services and potentially lead to further enforcement action by the CQC.</p>		●	●	<p>The Trust should ensure it embeds and sustains the action plans that it has put in place to address the patient care issues identified by the Care Quality Commission.</p> <p>In particular, it should ensure that robust monitoring and reporting processes are maintained, and that challenge, scrutiny and escalation arrangements drive the required improvements and sustain the progress made to-date in implementing the actions to address the issues raised by the CQC.</p>	<p>We issued our recommendation for improvement to the Trust on the 13 July 2021. As a result, there has not yet been time for the Trust to address our recommendation in full.</p> <p>We are however aware that the Trust continues its efforts to address the issues identified by the CQC and maintains the additional oversight arrangements established to monitor progress.</p>

3. VFM arrangements - Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria

Background to the NHS financing regime in 2020/21

Following the onset of the Covid-19 pandemic in March 2020, the original NHS Planning Guidance 2020-21 was suspended and a new financial regime was implemented. For the first half of the year (April to September 2020) all NHS trusts and NHS foundation trusts were moved to block contract payments 'on account' and the usual Payment by Results national tariff payment process was suspended. The Financial Recovery Fund was also suspended and NHS providers were able to claim for additional costs due to COVID-19. Whilst commissioner allocations for 2020-21 had already been notified, individual commissioner financial positions were kept under review and top-up payments were issued to CCGs to cover the difference between allocations and expected costs to pass on to providers.

For the second half of the year (October 2020 to March 2021) there was a move to "system envelopes" with funding allocations covering most NHS activity made at the system level, including resources to meet the additional costs of the Covid-19 pandemic. There were no further general retrospective top-up payments and all Covid-19 costs from that point were funded through the fixed Covid-19 funding allocation with a few exceptions.

Systems were expected to achieve financial balance within this envelope and individual organisations were able to deliver surplus or deficit positions by mutual agreement within the system. However, NHS trusts and foundation trusts were still required to meet statutory break-even duty and CCGs required to meet their resource limits.

The Trust's financial planning and monitoring arrangements

In response to the new finance regime, the Trust approved and submitted a revised financial plan. This plan included a requirement for top-up funding for the first half of the year to support the Trust in achieving its forecast break-even position. We reviewed the assumptions underpinning the revised plan, the reports prepared for the Board and the minutes of relevant meetings where the revised financial plan was considered. We confirmed the assumptions made by management appeared reasonable, the reports were clear and concise and adequate scrutiny by the Board was evident at the approval meeting.

The Trust has reported an adjusted outturn position at 31 March 2021 of a £13.5m surplus. If non-cash technical items are excluded then the position is a £18.1m surplus. We have considered the arrangements in place in respect of budget management as part of the Governance criteria on page 13.

During the year the Trust reported its financial position to the Finance and Performance Committee and then subsequently to the Board. We reviewed a sample of reports presented for 2020/21, which contain evidence of a clear summary of the Trust's performance, detailing any variances and providing adequate explanation of the causes. The reports also provided an updated forecast to the end of the financial year.

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

The Trust has remained broadly in balance but remains reliant on reasonable national funding arrangements.

To remain financially sustainable the Trust has been successful in contract/funding negotiations; delivering appropriate levels of efficiency savings; developing good plans which prioritise well; ensure good governance and decision making; engage staff fully and which deliver services in an efficient and effective way.

Efficiency savings have been influenced by requirements in the national funding arrangements and judgements on local deliverability. The Trust has recently reviewed and refreshed its Making It Better Programme and this continues to be the principal vehicle for driving efficiency and improvement. The Organisational Development Department continue to lead this work. The refreshed programme is designed to ensure that financial benefits are identified for all improvement projects that are part of Making it Better and a revamped Chief Executive Office's Project Management Office will be used to challenge, drive and support these efficiencies. As part of this programme a specific capability building approach will be used aimed at increasing the understanding, knowledge and ability of front-line teams to identify and realise cost savings and reduce waste.

Development, support and performance management of Directorates will also be critical to delivering good financial (and operational) performance.

3. VFM arrangements - Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria - continued

The Trust's arrangements and approach to 2021/22 financial planning

For the first half of 2021/22 the NHS will remain under the same financial arrangements as for the second half of 2020/21. The arrangements will continue to include system funding envelopes. Block payments will remain in place for relationships between CCGs and NHS providers. NHS England and improvement (NHSE/I) have nationally calculated CCG and NHS provider organisational plans as the default positions for systems and organisations to adopt. These then provide a starting point for budget management without the need to complete an extensive planning process.

The requirement had been to submit plans for the first half of 2021/22. However, the Trust was keen to understand the full extent of financial pressures it faced and therefore developed plans to cover the full twelve month period of revenue expenditure for 2021/22. In April 2021, the Trust developed an initial plan for 2021/22 based on a forecast breakeven position.

The plan submitted by the Trust includes assumptions around staffing levels, pay awards and COVID-19 expenditure and is based on block funding based on 2020/21 values adjusted for inflation for the first half of 2021/22. The Trust plans to achieve a breakeven position assuming receipt of non-recurring gains allocation of £18m less £4m allocation for Contingency.

We have critically assessed the underlying assumptions used in the 2021/22 financial plan including the timings and forecasts of cashflows for 2021/22 and we have considered the level of debt within the Trust. It is clear that the Trust is closely monitoring the progress against plan to date, is fully aware of where the gaps lie and continues to identify mitigating actions to bridge these gaps. Therefore we are satisfied that there is not a significant weakness in the Trust's arrangements in relation to financial sustainability.

3. VFM arrangements – Governance

Overall commentary on the Governance reporting criteria

The Trust’s risk management and monitoring arrangements

The Trust has a comprehensive risk management system in place which is embedded into the governance structure of the organisation. The processes are supported by the Trust-wide Risk Management Framework and the Trust leadership plays a key role in implementing and monitoring the risk management process.

All risks, externally and internally generated including financial, are managed and monitored through the Trust’s Integrated Risk and Assurance Report and Risk Register. Risks are added and deleted from the system on a regular basis.

An independent Non-Executive Director chairs the Audit Committee. Risk reports are received from each responsible Director with details of the controls in place and actions planned and completed. Integrated Risk and Assurance Reports are regularly presented to meetings of the Audit Committee and Board to allow for scrutiny and challenge by the Trust leadership.

We have reviewed minutes of Board meetings and confirmed detailed discussion and challenge has taken place on high level risks. The risks are clearly linked to the Strategic Aims of the Trust and are cross-referred to the Integrated Risk and Assurance Report, providing a thread from operational to strategic risk management. The minutes include an action tracker allowing for timely monitoring of risks. This is supported by a schedule of Deep Dive discussions at Board Committees.

In order to provide assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud, the Trust has appointed internal auditors and local counter fraud specialists. Work plans are agreed with management at the start of the financial year and reviewed by Audit Committee prior to final approval.

We have reviewed the Internal Audit Plans for 2020/21 and 2021/22. Progress reports are presented to each Audit Committee meeting including follow up reporting of recommendations not fully implemented by agreed due dates. This allows the Committee to effectively hold management to account on behalf of the Board. Our attendance at Audit Committees throughout the period confirms the significance placed on internal audit findings. Members of the committee actively request management attendance at committees to discuss findings from internal audit reports.

The Trust’s arrangements for budget setting and budgetary control

Directorate Budgets are an end point in the Annual Business/Financial Planning process which is a bottom-up process built on Directorate submissions. Financial Planning assumptions (reflecting the agreed Budget Setting Methodology) are built into the Business Planning Guidance and inform the Directorate Plans.

The Financial Plan is developed to reflect the best available information and assumptions including funding growth, inflation costs, cost pressures, activity levels, efficiency plans and service priorities. The Directorate budgets reflect the proposals and assumptions in the Financial Plan which are approved by the Board of Directors. Budgets are flexed in-year if new issues are identified or if activity levels are not as planned.

Monthly budget and financial monitoring reports are produced both at Directorate and Corporate level.

Finance Mangers work with Directorate Teams and Budget Holders to ensure that budget variances are explained and appropriate corrective action taken. Directorates produce monthly “TEG Reports” which explain they key aspects of their financial position.

A Corporate Financial Reporting Pack is produced each month which incorporates a range of information including narratives, Directorate positions, subjective income and expenditure positions, workforce numbers, bank & agency spend, efficiency monitoring and the working capital and balance sheet position. This is shared with the Trust Executive Group (TEG), the Board and the Management Board Briefing (MBB). Supporting verbal reports are also then made to TEG, the Finance and Performance Committee, the Board and MBB.

Via the Trust’s Performance Management Framework, unsatisfactory performance is raised with Directorates such that appropriate corrective action is taken.

The Integrated Performance Report is produced each month and includes financial performance alongside a range of operational and quality indicators. This is considered each month by TEG, the F&P Committee and the Board.

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

3. VFM arrangements – Governance

Overall commentary on the Governance reporting criteria continued

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 supported by the Trust's Constitution and scheme of delegation. Executive Directors have clear responsibilities linked to their roles and the Board Committee structure in place at the Trust allows for effective oversight of the Trust's operations and activity.

Detailed financial information is provided to enable full understanding of the position. Financial issues are discussed at TEG, F&P Committee and the Board each month. Through this process non-Finance Directors and Non-Executive Directors are able to ask questions and challenge assumptions and thinking.

The Director of Finance provides a quarterly Governors' Financial Briefing.

In line with NHSE guidance, the Trust's Standards of Business Conduct Policy requires all staff to declare interests, including offers of gifts and hospitality.

Additionally, to ensure that the Trust complies with the Health and Social Care Act 2008 (Regulated Activities) Regulations 2014, Regulation 5: Fit and Proper Persons Requirement, all post holders associated with the Board of Directors have, on appointment, confirmed that they met the Fit and Proper Persons Test and complete an annual declaration confirming that they continue to be a fit and proper person.

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 and operating. This includes arrangements such as registers of interests being maintained and published and the Board completing an annual review and self certification of its compliance with the conditions of the NHS provider licence.

Notwithstanding the above, as highlighted on page 10, we have identified a significant weakness in arrangements against the Governance reporting criteria as a result of the matters arising from the CQC's inspection of maternity services.

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3. VFM arrangements – Improving Economy, Efficiency and Effectiveness

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

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

The Trust has historically run programmes to drive efficiency and improvement and this now sits under the Organisational Development Department with support from the Finance Department.

The Trust uses benchmarking information such as Model Hospital, Service Line Reporting, Reference Costs, Getting It Right First Time, Estates Return Information Collection returns and operational indicators such as length of stay and day case rates. A range of other operational indicators are produced which measure performance and identify opportunities for improvement, e.g. A&E indicators, Delayed Transfer of Care, new to follow-up ratios, infection control and workforce Indicators.

A formal Performance Management Framework oversees performance across all Clinical Directorates, with an annual assessment of performance and assurance categorising directorates resulting in those with the biggest risks meeting with the Trust Executive Group on a monthly basis.

Each year a comprehensive opportunity search is coordinated by the Organisational Development Department Project Management Office which looks across these indicators as well as seeking intelligence from peer groups, such as the Shelford Group (which is a collaboration between ten of the largest teaching and research NHS hospital trusts in England), to identify opportunities at Directorate level for improvement and transformational change.

Performance information is presented to the Board of Directors on a regular basis. In 2020/21 the Board has received a wide range of performance related reports. The Board has paid particular focus to the impact of the COVID-19 pandemic on performance. We have reviewed the performance information provided to the Board and, notwithstanding the weakness highlighted on page 10, can confirm that the Board effectively holds managers to account where performance improvements are required.

The Trust's arrangements for effective partnership working

The Trust has strengthened existing partnerships and made new ones. Working within the Sheffield Accountable Care Partnership and South Yorkshire and Bassetlaw Integrated Care System has enabled the Trust to share learning and plan together how they managed the response to Covid-19 for the region. Strong relationships with the City's Universities and business community have given opportunity to consider how together the Trust and the partners tackle the wider implications of the pandemic's impact on the region.

Due to the revised arrangements in place in 2020/21, the Trust has increasingly had to work with partner organisations across the South Yorkshire and Bassetlaw Integrated Care System to deliver a sustainable financial position for the wider area in addition to overseeing the Trust's financial sustainability.

The Trust's arrangements for commissioning services

The Trust has a professionally qualified procurement and commercial resources team with appropriate and up to date procurement policies and processes overseen by these professionals.

There is a robust specification process to ensure that the selected option and supplier gives best value for money. Use of legally compliant Framework Agreements with agreed discounts to purchase goods and services are in place. The Scheme of Delegation sets out the various levels for approval of expenditure. There is a lead manager who is responsible for ensuring that the procured service is received and is to the required standard. Post project evaluations are undertaken across a range of projects / services.

The Trust has a Standards of Business Conduct Policy in place to mitigate the risk of conflicts of interests arising. Our review of Board minutes confirms these are up to date and published on a regular basis.

Notwithstanding the above, as highlighted on page 10, we have identified a significant weakness in arrangements against the improving economy, efficiency and effectiveness reporting criteria as a result of the matters arising from the CQC's inspection of maternity services.

04

Section 04:

**Other reporting responsibilities and
our fees**

4. Other reporting responsibilities and our fees

Matters we report by exception

The NHS Act 2006 provides auditors with specific powers where matters come to our attention that, in their judgement, require specific reporting action to be taken. Auditors have the power to:

- issue a report in the public interest; and
- make a referral to the regulator.

We have not exercised any of these statutory reporting powers.

We are also required to report if, in our opinion, the governance statement does not comply with relevant guidance or is inconsistent with our knowledge and understanding of the Trust. We did not identify any matters to report in this regard.

Reporting to the NAO in respect of consolidation data

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. Sheffield Teaching Hospitals NHS Foundation Trust was selected, by the NAO, as a sampled component in 2020/21 – requiring us to undertake supplementary audit procedures. We completed the required procedures and concluded and reported, on the 24 June 2021, that the consolidation data is consistent with the audited financial statements.

4. Other reporting responsibilities and our fees

Fees for 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 in February 2021. Having completed our work for the 2020/21 financial year, we can confirm that our fees are as follows:

Area of work	2020/21 fees
Planned fee in respect of our work under the Code of Audit Practice	£45,130
Additional fees in respect of the new VFM approach (Note 1)	£5,500
Additional fees in respect of NAO reporting (Note 2)	£1,500
Total fees	£52,130

Note 1 - The new Code of Audit Practice and associated changes to the way in which we undertake and report our value for money work in 2020/21 required additional audit input.

Note 2 – As highlighted on page 15, Sheffield Teaching Hospitals NHS Foundation Trust was selected, by the NAO, as a sampled component in 2020/21 – requiring us to undertake supplementary audit procedures.

Due to the COVID-19 pandemic our work on the Trust's Quality Report was cancelled in 2020/21. There were no fees arising in relation to this work in 2020/21.

Fees for other work

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

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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

*where permitted under applicable country laws.

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