



Auditor's Annual Report 2024/25

Sherwood Forest Hospitals NHS Foundation Trust

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June 2025

Executive Summary

Purpose of the Auditor’s Annual Report

This Auditor’s Annual Report provides a summary of the findings and key issues arising from our 2024-25 audit of Sherwood Forest Hospitals NHS Foundation Trust (the ‘Trust’). This report has been prepared in line with the requirements set out in the Code of Audit Practice published by the National Audit Office and is required to be published by the Trust alongside the annual report and accounts.

Our responsibilities

The statutory responsibilities and powers of appointed auditors are set out in the Local Audit and Accountability Act 2014. In line with this we provide conclusions on the following matters:



Accounts - We provide an opinion as to whether the accounts give a true and fair view of the financial position of the Trust and of its income and expenditure during the year. We confirm whether the accounts have been prepared in line with the Group Accounting Manual prepared by the Department of Health and Social Care (DHSC).



Annual report - We assess whether the annual report is consistent with our knowledge of the Trust. We perform testing of certain figures labelled in the remuneration report.



Value for money - We assess the arrangements in place for securing economy, efficiency and effectiveness (value for money) in the Trust’s use of resources and provide a summary of our findings in the commentary in this report. We are required to report if we have identified any significant weaknesses as a result of this work.



Other reporting - We may issue other reports where we determine that this is necessary in the public interest under the Local Audit and Accountability Act.

Findings

We have set out below a summary of the conclusions that we provided in respect of our responsibilities:

Accounts	We issued an unqualified opinion on the Trust’s accounts on 25 June 2025. This means that we believe the accounts give a true and fair view of the financial performance and position of the Trust. We have provided further details of the key risks we identified and our response on page 3.
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 annual report has been prepared in line with the NHS Group Accounting Manual (GAM) and the Foundation Trust Annual Reporting Manual (the ARM).
Value for money	We are required to report if we identify any matters that indicate the Trust does not have sufficient arrangements to achieve value for money. We have nothing to report in this regard.
Other reporting	We did not consider it necessary to issue any other reports in the public interest.

Audit of the financial statements


The table below summarises the key risks that we identified to our audit opinion as part of our risk assessment and how we responded to these through our audit.


Risk	Procedures undertaken	Findings
<p>Management override of controls</p> <p>We are required by auditing standards to recognise the risk that management may use their authority to override the usual control environment.</p>	<p>We assessed accounting estimates for biases by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicate a possible bias;</p> <p>In line with our methodology, we evaluated the design and implementation of controls over journal entries and post closing adjustments;</p> <p>We assessed the appropriateness of changes, compared to the prior year, to the methods and underlying assumptions used to prepare accounting estimates;</p> <p>We assessed the business rationale and the appropriateness of the accounting for significant transactions that are outside the Trust's normal course of business, or are otherwise unusual; and</p> <p>We identified journal entries and other adjustments with characteristics that indicate that they may be inappropriate or unauthorised and therefore may have been used to manipulate the financial statements (which we refer to as 'high-risk journals and other adjustments'), using KPMG Clara Journal Entry Analysis) and perform procedures to test the appropriateness of these entries and adjustments.</p>	<p>We did not identify any material misstatements relating to this risk.</p>
<p>Fraudulent expenditure recognition</p> <p>Auditing standards suggest for public sector entities a rebuttable assumption that there is a risk expenditure is recognised inappropriately.</p> <p>We recognised this risk over all of the Trust's non-pay expenditure excluding depreciation.</p>	<p>We evaluated the design and implementation of controls for reviewing manual expenditure accruals at the end of the year to verify that they exist and are valid;</p> <p>We inspected a sample of invoices and payments of expenditure, in the period after 31 March 2025, to determine whether expenditure has been recognised in the correct accounting period;</p> <p>We also selected a sample of payments from the bank statements in the period after 31 March 2025 by agreeing to underlining supporting evidences to determine that all the liabilities are completely and accurately recorded in the correct accounting period;</p> <p>We selected a sample of year end accruals and inspected evidence of the actual amount paid after year end and other supporting information, and assessed whether the accrual exists and has been accurately recorded;</p> <p>We inspected journals posted as part of the year end close procedures that decrease the level of expenditure recorded and critically assessed whether there was an appropriate basis for posting the journal and the value can be agreed to supporting evidence;</p> <p>We performed a retrospective review of prior year accruals in order to assess the existence and accuracy with which accruals had been recorded at 31 March 2024 and considered the impact on our assessment of the accruals at 31 March 2025; and</p> <p>As a risk assessment procedure, we performed a year on year comparison of a sample of the largest accruals in the prior year and current year and challenged management where the movement is not in line with our understanding of the entity.</p>	<p>We did not identify any material misstatements relating to this risk.</p>


Value for Money

Introduction

We are required to consider whether the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources or ‘value for money’. We consider whether there are sufficient arrangements in place for the Trust for the following criteria, as defined by the National Audit Office (NAO) in their Code of Audit Practice:

 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

Approach

We undertake risk assessment procedures in order to assess whether there are any risks that value for money is not being achieved. This is prepared by considering the findings from other regulators and auditors, records from the organisation and performing procedures to assess the design of key systems at the organisation that give assurance over value for money.

Where a significant risk is identified we perform further procedures in order to consider whether there are significant weaknesses in the processes in place to achieve value for money.

We are required to report a summary of the work undertaken and the conclusions reached against each of the aforementioned reporting criteria in this Auditor’s Annual Report. We do this as part of our commentary on VFM arrangements over the following pages.

We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Trust.

	Financial sustainability		Governance		Improving economy, efficiency and effectiveness	
Identified risks of significant weakness?	<div></div>	Yes	<div></div>	No	<div></div>	No
Actual significant weakness identified?	<div></div>	No	<div></div>	No	<div></div>	No
2023-24 Findings	Risk to significant weakness noted but did not materialise into significant weakness		No significant weakness identified		No significant weakness identified	
Direction of travel	<div></div>		<div></div>		<div></div>	



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