

25 Oxford Health NHS Foundation Trust

Auditor's Annual Report
Year ending 31 March 2025
August 2025



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Audit and Risk Committee
Oxford Health NHS Foundation Trust
Warneford Hospital
Warneford Lane
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19 August 2025

Dear Audit and Risk Committee Members,

2024/25 Auditor's Annual Report

We are pleased to attach our Auditor's Annual Report including the commentary on the Value for Money (VFM) arrangements for Oxford Health NHS Foundation Trust. This report and commentary explains the work we have undertaken during the year and highlights any significant weaknesses identified along with recommendations for improvement. The commentary covers our findings for audit year 2024/25.

This report is intended to draw to the attention of the Foundation Trust any relevant issues arising from our work. It is not intended for, and should not be used for, any other purpose.

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee meeting on 10 September 2025.

Yours faithfully

Claire Mellons

For and on behalf of Ernst & Young LLP

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Contents

1 Executive Summary

2 Audit of Financial Statements

3 Value for Money Commentary

4 Appendices

The contents of this report are subject to the terms and conditions of our appointment as set out in our engagement letter of 19 January 2023.

This report is made solely to the **Audit and Risk Committee, Council of Governors, Board of Directors and management of Oxford Health NHS Foundation Trust** in accordance with our engagement letter. Our work has been undertaken so that we might state to the **Audit and Risk Committee, Council of Governors, Board of Directors and management of Oxford Health NHS Foundation Trust** those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the **Audit Committee, Council of Governors, Board of Directors and management of Oxford Health NHS Foundation Trust** for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent



01 Executive Summary

Executive Summary

Purpose

The purpose of the Auditor's Annual Report is to bring together all the auditor's work over the year and the value for money commentary, including confirmation of the opinion given on the financial statements, and, by exception, reference to any reporting by the auditor using their powers under the Local Audit and Accountability Act 2014. As set out in the Code of Audit Practice 2024 (the 2024 Code) issued by the National Audit Office (NAO) and the accompanying Auditor Guidance Note 3 (AGN 03), this commentary aims to highlight to the Foundation Trust, and the wider public, relevant issues identified during our audit. It includes the recommendations arising from our current year's audit as well as a follow-up on recommendations issued in previous years. Additionally, it includes our assessment of whether prior recommendations have been satisfactorily implemented.

Responsibilities of the appointed auditor

We have undertaken our 2024/25 audit work in accordance with the Audit Plan that we issued on 31 January 2025, alongside the scope updates we issued on our Audit Results Report issued on 12 June 2025. We have complied with the National Audit Office's (NAO) Code of Audit Practice 2024, other guidance issued by the NAO and International Standards on Auditing (UK).

As auditors we are responsible for:

Expressing an opinion on:

- The 2024/25 financial statements;
- The parts of the remuneration and staff report to be audited;
- The consistency of other information published with the financial statements, including the Annual Report; and
- Whether the consolidation schedules are consistent with the Foundation Trust's financial statements for the relevant reporting period.

Reporting by exception:

- If the Governance Statement does not comply with relevant guidance or is not consistent with our understanding of the Foundation Trust;
- To NHS England if we have concerns about the legality of transactions or decisions taken by the Foundation Trust;
- Any significant matters or written recommendations that are in the public interest; and
- If we identify a significant weakness in the Foundation Trust's arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

Responsibilities of the Foundation Trust

The Foundation Trust is responsible for preparing and publishing its financial statements, Annual Report and Governance Statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Executive Summary (cont'd)

2024/25 conclusions

Financial statements	Unqualified - the financial statements give a true and fair view of the financial position of the Foundation Trust as at 31 March 2025 and of its expenditure and income for the year then ended. We issued our auditor's report on 27 June 2025.
Parts of the remuneration report and staff report subject to audit	We reported several errors within the remuneration and staff report as part of our audit work, largely due to errors found within the salaries and allowances table, the pensions table, and the exit packages disclosure. These were all adjusted for by management in the final version of the Annual Report and Accounts.
Consistency of the other information published with the financial statements	Financial information in the Annual Report, and published with the financial statements, was consistent with the audited statements.
Value for money (VFM)	We had no matters to report by exception on the Foundation Trust's VFM arrangements. We have included our VFM commentary in Section 03.
Consistency of the annual governance statement	We were satisfied that the annual governance statement was consistent with our understanding of the Foundation Trust.
Referrals to NHS England	We made no such referrals.
Public interest report and other auditor powers	We had no reason to use our auditor powers.
Reporting to the Foundation Trust on its consolidation schedules	We concluded that the Foundation Trust's consolidation schedules agreed, within a £690,000 tolerance, or £300,000 tolerance for losses and special payments, gifts and contingent liability disclosures, to the audited financial statements.

Executive Summary (cont'd)

2024/25 conclusions (cont'd)

Reporting to the National Audit Office (NAO) in line with group instructions	We have reported to the NAO in line with their group instructions.
Certificate	We cannot formally conclude the audit and issue an audit certificate until the NAO, as group auditor, has confirmed that no further assurances will be required from us as component auditors of Oxford Health NHS Foundation Trust.

Executive Summary (cont'd)

Value for money scope

Under the 2024 Code, we are required to consider whether Oxford Health NHS Foundation Trust has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to Oxford Health NHS Foundation Trust a commentary against specified reporting criteria (see below) on the arrangements Oxford Health NHS Foundation Trust has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

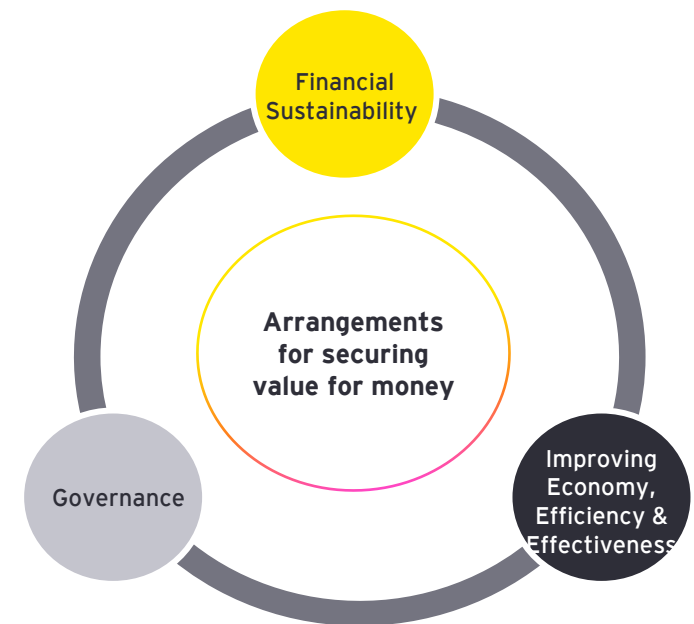
We do not issue a 'conclusion' or 'opinion', but where significant weaknesses are identified we will report by exception in the auditor's opinion on the financial statements.

The specified reporting criteria are:

- Financial sustainability - How the Foundation Trust plans and manages its resources to ensure it can continue to deliver its services.
- Governance - How the Foundation Trust ensures that it makes informed decisions and properly manages its risks.
- Improving economy, efficiency and effectiveness - How the Foundation Trust uses information about its costs and performance to improve the way it manages and delivers its services.

In undertaking our procedures to understand the body's arrangements against the specified reporting criteria, we identify whether there are risks of significant weakness which require us to complete additional risk-based procedures. AGN 03 sets out considerations for auditors in completing and documenting their work and includes consideration of:

- our cumulative audit knowledge and experience as your auditor;
- reports from internal audit which may provide an indication of arrangements that are not operating effectively;
- our review of Foundation Trust committee reports;
- meetings with the Chief Finance Officer and Chief People Officer;
- information from external sources; and
- evaluation of associated documentation through our regular engagement with Foundation Trust management and the finance team.



Executive Summary (cont'd)

Reporting

Our commentary for 2024/25 is set out in Section 03. The commentary on these pages summarises our understanding of the arrangements at the Foundation Trust based on our evaluation of the evidence obtained in relation to the three reporting criteria (see table below) throughout 2024/25. We include the associated recommendations we have agreed with the Foundation Trust in Appendix A.

In accordance with the 2024 Code, we are required to report a commentary against the three specified reporting criteria. The table below sets out the three reporting criteria, whether we identified a risk of significant weakness as part of our planning procedures, and whether, at the time of this report, we have concluded that there is a significant weakness in the body's arrangements.

Reporting criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability: How the Foundation Trust plans and manages its resources to ensure it can continue to deliver its services	No significant risks identified	No significant weakness identified
Governance: How the Foundation Trust ensures that it makes informed decisions and properly manages its risks	No significant risks identified	No significant weakness identified
Improving economy, efficiency and effectiveness: How the Foundation Trust uses information about its costs and performance to improve the way it manages and delivers its services	No significant risks identified	No significant weakness identified

Executive Summary (cont'd)

Independence

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Foundation Trust, and its members and senior management and its affiliates, including all services provided by us and our network to the Foundation Trust, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2024 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

EY Transparency Report 2024

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2024:

[EY UK 2024 Transparency Report | EY - UK](#)



02 Audit of financial statements

Audit of financial statements

Key findings

The Annual Report and Accounts is an important tool for the Foundation Trust to show how it has used public money and how it can demonstrate its financial management and financial health.

On 27 June 2025, we issued an unqualified opinion on the financial statements. We reported our audit scope, risks identified and detailed findings to the 18 June 2025 Audit Committee meeting in our Audit Results Report. We then issued an updated and final Audit Results Report to management on 27 June 2025. We outline on the next slide the key issues identified as part of our audit.

We did not identify any new control recommendations during this audit; however we did have four control recommendations which were open at the beginning of the year which are shown below.

Control	Issue	Conclusion
Contracting Arrangements (High)	In the prior year we observed that signed contracts were not being maintained.	We did not identify significant issues relating to contracts not being signed as part of our 24/25 testing, therefore we have closed this recommendation.
Manual Adjustments (Moderate)	In the prior year we identified that there were a number of significant manual adjustments made outside of the general ledger as part of the account's preparation process.	We have identified a reduction in the volume of the adjustments being posted, which shows positive progress has been made by management, but the value has increased and so we have kept this recommendation open.
Leases (Low)	In the prior year we identified several errors within lease disclosures and recommended that improved quality assurance processes were put in place for this area.	This recommendation remains open, as although improvements have been made, we have still identified errors within these lease disclosures.
Remuneration Report (formerly Exit Packages) (Moderate, moved up to high)	In previous years we have identified issues in exit packages being based on payment date, rather than agreement date.	This recommendation was first raised in 2022/23 as a low priority recommendation and was escalated to moderate in 2023/24 due to recurring findings. In 2024/25 we have again identified errors and therefore raised the priority of the recommendation to high, as well as expanded the scope to cover the wider remuneration report.

Audit of financial statements (cont'd)

Financial statement risks

Significant risk

Misstatements due to fraud or error - Management override of controls

The accounts as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

Conclusion

We did not identify any instances of inappropriate judgements or estimates being applied. Our work did not identify any other transactions which appeared unusual or outside the Foundation Trust's normal course of business.

Misstatements due to fraud or error - risk of fraud in revenue and expenditure recognition

We linked the risk specifically to the overstatement of accrued contract income and accrued pharmacy income, the recognition of research and development income in line with terms and conditions, and the completeness of expenditure.

We linked it to these accounts as they may involve estimation and judgement from management and therefore may be manipulated to produce the desired year-end financial position by inappropriate recognition of revenue and expenditure.

Our audit work found no indication of fraud in either revenue or expenditure recognition.



03 Value for money commentary

Value for Money Commentary

Financial sustainability: How the Foundation Trust plans and manages its resources to ensure it can continue to deliver its services

No significant weakness identified

The Trust has well established processes and networks for liaising with colleagues at the Integrated Care Board, and across the wider Integrated Care System, to understand the level of funding to be received as part of the system level financial envelope. Within the Trust, planning assumptions are in place within professional functions e.g. financial planning assumptions, workforce planning assumptions, and equivalent. NHS England provide clear guidance on operational planning requirements and long-term plan ambitions. Whilst there is already good communication between professional functions within the Trust when putting together the plan, work has been under way in recent years to improve the alignment of planning assumptions so that greater assurance of their consistency, consistent application and testing can be achieved by a central coordinated business planning function. While work is still underway in this area, we note positive improvements in the coordination of the business planning functions.

Each directorate is allocated a cost improvement target for the year and is allocated a finance lead and Project Management Office (PMO) support to review the service plans and support in ensuring that the schemes are deliverable. The ability to deliver the savings in each scheme is assessed by service leads and the PMO team. Financial management review and agree the financial deliverability of schemes providing a check and challenge on the size and opportunity. Additionally, finance sit in the Cost Improvement Programme (CIP) programme board where schemes are presented for additional challenge.

The Trust reports the financial position each month to the Board of Directors through the Integrated Performance Report. There is the ability to flex the financial plan, should it be required, for significant events during the year such as contract variations, winning new business, or to achieve greater efficiencies. Approval for flex to budgets must be obtained from both service leads and senior finance staff. The finance team also provide day to day support for the more immaterial financial matters.

Conclusion: Based on the work performed, the Foundation Trust had proper arrangements in place in 2024/25 to enable it to plan and manage its resources to ensure that it can continue to deliver its services

Value for Money Commentary (cont'd)

Governance: How the Foundation Trust ensures that it makes informed decisions and properly manages its risks

No significant weakness identified

The Audit and Risk Committee is the main committee of the Board that has oversight of the risks and internal controls of the Trust. It regularly receives and challenges the corporate risk register which is the document that collates the most significant risks to the Trust, including financial risks. The main mechanism through which the Committee discharges its responsibilities in relation to the operation of internal control is through receiving reports from internal audit and holding management to account for addressing recommendations made as part of their work. The internal audit provider also provides counter fraud services which supports the Trust in taking actions to prevent and detect fraud and summaries of these actions are also reported into each Audit and Risk Committee meeting.

The Finance and Investment Committee has a significant role in terms of addressing financial risk. It reviews and challenges Trust budget plans and continuously monitors performance throughout the year, before making recommendations to the Trust Board for approval or consideration. There is a detailed budget planning and monitoring process which supports the information reported to the Finance and Investment Committee which is led by members of the finance team and seeks to identify early any inherent risks to achievement of plans and to develop mitigations to these risks.

Financial monitoring, at a more granular level, is performed through the monthly management accounts process and it is this process that identifies cost drivers and pressures that may impact achievement of target in the current, or future, financial years. Significant concerns emerging through this will feed into the summary of inherent risks reported to the Finance and Investment Committee.

The Trust has a wide range of policies covering expectations and requirements of staff, including policies relating to the conduct of individuals as well as operational practice and patient safety. These policies are developed as a mechanism for ensuring that the Trust remains compliant with legal and regulatory frameworks. Failure of staff to comply with these policies will trigger the Trust's performance management and disciplinary policies.

In our prior year Auditor's Annual Report, we raised a recommendation under the governance criteria. This was due to one instance of members of the Remuneration Committee approving a significant settlement for a senior director through email, rather than meeting in person. It was our view that approvals over email lacked the proper discussions and challenge that an in-person meeting can facilitate. Management acknowledged this recommendation at the time. In 2024/25 there have not been any exit packages of senior managers.

Conclusion: Based on the work performed, the Foundation Trust had proper arrangements in place in 2024/25 to make informed decisions and properly manage its risks.

Value for Money Commentary (cont'd)

Improving economy, efficiency and effectiveness: How the Foundation Trust uses information about its costs and performance to improve the way it manages and delivers its services

No significant weakness identified

In 2024/25 the Trust exceeded performance against the initial budget set, with an adjusted operating surplus of £2.2m which is £4.9m better than planned, and they performed broadly in-line with the national target on the majority of non-financial metrics reported as per the Foundation Trust's Integrated Performance Report published within the financial statements.

The Trust monitors performance through two main routes, financial and operational. Financial performance is monitored through the budget setting and reporting processes through to Board, which are summarised on the previous two slides. Operational performance is also managed through reporting up to the Trust Board on performance against both the national average and internal targets set by the Trust across four distinct groups: strategic, clinical, quality and people metrics. If targets are not met, an investigation is undertaken to understand the reasons behind the underperformance and the actions to be taken to address performance concerns.

A core element of improving and managing the delivery of services of the Trust is through partnership working - both within the Integrated Care System that the Trust operates and in terms of the provider collaborative arrangements for which the Trust is the lead provider of approximately £131m of services. The Trust manages these partner relationships through engagement at the most senior level - the Chief Executive is the main point of liaison, but all executive team members have a role to play in participation of partner groups in their area of expertise. These executive team members then feed system wide performance and actions into the financial and operational plans of the Trust to ensure that plans are consistent with wider partners. The Board also see a high-level summary of the Integrated Care System performance as part of the regular reporting pack.

The Trust has arrangements in place to adhere to procurement legislation through the procurement policy and standing financial instructions and, wherever possible, risks are mitigated by contracting under standard NHS terms and conditions. Operational Services monitor the benefits and performance of services procured, through contract and operational review meetings.

Conclusion: Based on the work performed, the Foundation Trust had proper arrangements in place in 2024/25 to enable it to use information about its costs and performance to improve the way it manages and delivers its services.



04 Appendices

Appendix A – Recommendations

Recommendations from 2024/25

There are no recommendations arising from the value for money work for the year 2024/25.

Recommendations brought forward from previous years

The table below sets out the recommendations arising from the value for money work in the prior year, 2024/25, and progress made in the current year. All recommendations have been agreed by management.

Issue	Recommendation	Progress made in 2024/25
Governance - failure of Remuneration to meet in person before approving decisions	We identified an instance where members of the Remuneration Committee were provided with a paper via email prior to a settlement agreement with a senior director being signed and approved. However, to follow proper governance procedures the Remuneration Committee should have met prior to the decision being made. This would facilitate proper challenge and discussion that is not possible over email.	Management noted the recommendation in the prior year, and acknowledged that best practice would be to discuss the matter in person to facilitate proper discussions and challenge. In the current year there have been no senior director exit packages, and therefore we are unable to comment on progress made.

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