

A photograph of a medical setting. In the foreground, a silver stethoscope with black tubing is prominently displayed, resting on a light blue clipboard. The clipboard holds several white medical forms with printed text and lines. The background is softly blurred, showing a light blue wall and a glass container holding pens. The overall lighting is bright and clinical.

Yorkshire Ambulance Service NHS Trust Auditor's Annual Report

Year ended 31 March 2022

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

This report is made solely to the Audit Committee, Board of Directors and management of Yorkshire Ambulance Service NHS Trust in accordance with our engagement letter. Our work has been undertaken so that we might state to the Audit Committee, Board of Directors and management of Yorkshire Ambulance Service NHS 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, Board of Directors and management of Yorkshire Ambulance Service NHS 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.



Introduction

Purpose

The purpose of the auditor's annual report is to bring together all of the auditor's work over the year. A core element of the report is the commentary on value for money (VFM) arrangements, which aims to draw to the attention of the Trust or the wider public relevant issues, recommendations arising from the audit and follow-up of recommendations issued previously, along with the auditor's view as to whether they have been implemented satisfactorily.

Responsibilities of the appointed auditor

We have undertaken our 2021/22 audit work in accordance with the Audit Plan that we issued on 12 April 2022. We have complied with the National Audit Office's (NAO) 2020 Code of Audit Practice, other guidance issued by the NAO and International Standards on Auditing (UK).

As auditors we are responsible for:

Expressing an opinion on:

- The 2021/22 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 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 Trust;
- To the Secretary of State for Health and Social Care and NHS England if we have concerns about the legality of transactions or decisions taken by the Trust;
- If we identify a significant weakness in the Trust's arrangements in place to secure economy, efficiency and effectiveness in its use of resources;
- Any significant matters that are in the public interest; and
- Any significant issues or outstanding matters arising from our work which are relevant to the NAO as group auditor.

Responsibilities of the Trust

The 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.



Introduction (continued)

2012/22 Conclusions

Financial statements	Unqualified - the financial statements give a true and fair view of the financial position of the Trust as at 31 March 2022 and of its expenditure and income for the year then ended. We issued our auditor's report on 20 June 2022.
Parts of the remuneration report and staff report subject to audit	We reported 2 adjusted issues in the remuneration report.
Consistency of the other information published with the financial statement	Financial information in the Annual report and published with the financial statements was consistent with the audited accounts.
Value for money (VFM)	We had no matters to report by exception on the 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 Trust.
Referrals to the Secretary of State	We made no such referrals.
Public interest report and other auditor powers	We had no reason to use our auditor powers.
Reporting to the Trust on its consolidation schedules	We concluded that the Trust's consolidation schedules agreed, within a £300,000 tolerance, to the audited financial statements.
Reporting to the National Audit Office (NAO) in line with group instructions	The NAO did not include the Trust in its sample of Department of Health component bodies. We had no matters to report to the NAO.
Certificate	We will issue our certificate at the same time as this report, and it is included as an appendix to this report.



Audit of the financial statements

Key findings

The Annual Report and Accounts is an important tool for the Trust to show how it has used public money and how it can demonstrate its financial management and financial health. The financial statements have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

On 20 June 2022, we issued an unqualified opinion on the financial statements. We reported our detailed findings to the 09 June 2022 Audit Committee meeting. We outline below the key issues identified as part of our audit, reported against the significant risks and other areas of audit focus we included in our Audit Plan. We reported no internal control recommendations and no areas for improvement in the control environment in the Audit Results Report.

Significant risk

Conclusion

Management override of controls

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

Risk of fraud in revenue and expenditure recognition

Our audit work did not identify any material weaknesses in the recognition of revenue nor expenditure. We have not identified any instances of inappropriate judgements or estimates being applied.

Inappropriate capitalisation of expenditure

Our audit work did not identify any material weaknesses in controls or evidence of material management override concerning the capitalisation of revenue expenditure. Our work did not identify any instances of inappropriate judgements being applied.

We did not identify any risks of significant weaknesses in the Trust's VFM arrangements for 2021/22.

Our VFM commentary highlights relevant issues for the Trust and the wider public.

We had no matters to report by exception in the audit report.

Scope

We are required to report on whether the Trust has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. We have complied with the guidance issued to auditors in respect of their work on value for money arrangements (VFM) in the 2020 Code of Audit Practice (2020 Code) and Auditor Guidance Note 3 (AGN 03). We presented our VFM risk assessment to the Audit Committee on the 09 June 2022 which was based on a combination of our cumulative audit knowledge and experience, our review of Trust body and committee reports, meetings with the Trust management and evaluation of associated documentation through our regular engagement with Trust management and the finance team.

Reporting

We completed our risk assessment procedures in April 2022 and did not identify any significant weaknesses in the Trust's VFM arrangements. We did not identify any significant risks during the course of our audit. As a result, we had no matters to report by exception in the audit report on the financial statements.

Our commentary for 2021/22 is set out on pages 7 to 14. The commentary on these pages summarises our conclusions over the arrangements at the Trust in relation to our reporting criteria (see below) throughout 2021/22. Appendix A includes the detailed arrangements and processes underpinning the reporting criteria. These were reported in our 2020/21 Annual Auditors Report and have been updated for 2021/22.

In accordance with the NAO's 2020 Code, we are required to report a commentary against three specified reporting criteria:

Reporting criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability: How the Trust plans and manages its resources to ensure it can continue to deliver its services	No significant risks identified	No significant weaknesses identified
Governance: How the Trust ensures that it makes informed decisions and properly manages its risks	No significant risks identified	No significant weaknesses identified
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	No significant risks identified	No significant weaknesses identified



Value for Money (continued)

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

Introduction and context

We had previously reported to the Trust, the VFM work we had performed during the year including our risk assessment. The commentary within this report explains our judgements in relation to our findings and any associated local context.

Financial sustainability

The financial plan for 2021-22 was based on the principles from the 2020-21 interim COVID-19 financial regime under which the Trust received and set a budgetary framework for 2021-22, although with differing arrangements for H1 (Apr '21 - Sep '21) and H2 (Oct '21 - Mar '22). This approach provided a level of income that allowed the Trust to plan its resources and expenditure for the changing operational requirements and the ongoing response to COVID-19.

Ultimately, the Trust delivered a £8.53m surplus in 2021-22 against a breakeven plan.

For 2022-23, the Trust has agreed a breakeven plan. This has been achieved through the identification of non-recurrent reductions in expenditure, alongside additional recurrent resource from national allocations; which is specifically aimed to cover ambulance sector pressures and inflation. Approximately £9m additional funding (non-recurrent) income was also made available to the Trust by all 3 Integrated Care Systems to bridge the remaining gap. The Trust has a year to date surplus of £120k and must focus on the delivery of efficiencies, savings and reductions in order to achieve the abovementioned balanced position.

Conclusion: The Trust had appropriate arrangements in 2021/22 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.



Value for Money (continued)

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

The Trust Board provided governance oversight of the Trust's delivery of operational and strategic objectives through the processes outlined within the Trust's Board and Assurance Framework. The Board and Assurance Framework is refreshed annually and is supported by corporate and service risk registers.

The Trust has an established Audit Committee which provides oversight and review of the Trust's governance, risk management and internal control processes. The Trust's internal audit and counter providers delivered their planned programme, their plans were approved by the Audit Committee and the committee considered their reported findings and monitored the implementation of their agreed findings. At the end of the year the Head of Internal Audit opinion provided the Trust with "significant" assurance.

To support decision making by the Board and the committees of the Board each decision paper includes an executive summaries identifying the key objectives; the underlying issues; consideration of financial factors; legal factors and the actions that need to be addressed within the actual content.

Conclusion: The Trust had appropriate arrangements in 2021/22 to enable it to make informed decisions and properly manage 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

The Trust's vision is underpinned by four ambitions, which is translated into an annual operating plan for the delivery of services. This forms the basis of the monthly Trust Board reporting and the integrated performance report.

The Trust's management reports to the Board on key performance areas including workforce, clinical, and finance. Within the financial element of the 2022/23 plan. Management have sufficient information on the Trust's costing analysis to enable the Trust to prepare a detailed budget and to identify savings requirements which are addressed by the preparation of the Trust's Cost Improvement Plan (CIP) programme.

Conclusion: The Trust had appropriate arrangements in 2021/22 to enable it to use information about its costs and performance to improve the way it manages and delivers services.

Appendix A - Summary of arrangements

Financial Sustainability

Reporting Sub-Criteria

Findings

How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them

The Trust have established a strategic approach to financial planning and the Board has arrangements to approve a budget proposal each year prior to 1 April. The budget is proposed by the Executive Team after a budget setting exercise where priorities are agreed together with the consideration of forecast activity levels, funding available and plans to deliver required efficiency targets.

The Trust's Finance Team work with budget holders to undertake 'bottom up' budget setting exercise to inform the overall Trust budget. During this exercise and when the financial plan is refreshed with updated information, management consider the medium-term financial outlook for the Trust. The Board have recognised Financial sustainability as a risk and regularly receive reports on financial pressures against targets and plans to identify the need for any improvements actions and any changes to savings plans.

How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

The Trust has a corporate strategy which outlines the Trust's priorities for the next five years.

The vision 'One Team, Best Care' is underpinned by a four-point ambition:

- Patients and communities experience fully joined up care responsive to their needs.
- YAS people feel empowered, valued and engaged to perform at their best.
- YAS achieve excellence in everything it does.
- Resources are used wisely to invest in and sustain services.

These four ambitions forms the basis of the annual operating plan including the financial plans for enabling sustainable delivery of services and of monthly Trust Board reporting.

The Trust has aligned its Clinical Strategy to help the delivery the NHS Long Term Plan ambition to place ambulance services at the heart of urgent and emergency care.

How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system

At each meeting the Board receives reports on key performance areas including Workforce, Quality and Finance. The Trust's financial plans include reporting on these wider areas as part of its mechanisms for monitoring the achievement of targets within key performance areas. Where the Trust identifies a risk to the achievement of targets, mitigating actions are identified and reported via the Board and Assurance Framework, this includes consideration of the necessary financial resources required to implement identified actions.

Appendix A - Summary of arrangements (continued)

Financial Sustainability

Reporting Sub-Criteria

How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans

Findings

During the 2021/22 financial year the Trust's management recognised risks to financial resilience, such as the uncertainty and increased operational risk relating to Covid-19, within its Board and Assurance Framework (BAF). Key issues impacting on the achievement of operational plans are summarised within the BAF together with mitigating actions and the BAF is supported by risk management and operational plans which are used to develop and inform the Trust's short and medium term plans.

The Finance and Investment Committee maintains and provides oversight over the activity and performance information of the Trust, and provide assurance to the Board on appropriate actions. The Committee provides scrutiny of financial and operational performance against plans and forecasts, highlighting and seeking assurance from management on deviation from plans or their progress with recovery actions.

The Trust Board receive a finance report that includes actual financial outturn as well as the expected/projected outturn position for the financial year. The report highlights risks to achieving the planned outturn position, any changes to the original plan and how the Trust plans to address the new risks.

Appendix A - Summary of arrangements (continued)

Governance

Reporting Sub-Criteria

How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

Findings

The Trust's Board and Assurance Framework (BAF) is refreshed annually to match its strategic aims and to align to strategic priorities and risks. The BAF outlines the actions being undertaken by the Trust to provide assurance that risks are being mitigated to an acceptable level. The Board of Directors have responsibility for oversight of the BAF.

The BAF is supported by corporate and service risk registers. The risks assessed are wider than just financial, due to the nature of the Trust's activities. The Trust assesses impact of risks on a matrix of likelihood and occurrence, with a combined score produced to assess the importance of the risk. The Trust has a risk appetite statement that defines acceptable levels of risk for its activities.

The Trust has an internal audit service to help gain assurance over the effective operation of internal controls. It also has a Local Counter Fraud Specialist as part of its arrangements to prevent and detect fraud.

The Audit Committee are responsible for overseeing the adequate provision of Internal audit and counter fraud with input from the Executive Director of Finance. Trust management is responsible for responding to the internal audit and counter fraud findings appropriately and in a timely manner with appropriate challenge from the Audit Committee.

The Audit Committee reviews the establishment and maintenance of the Trust's system of governance, risk management and internal control, across the whole of the organisation's activities (both clinical and non-clinical) that support the achievement of the organisation's objectives. In particular, the Committee:

- Monitors and scrutinises the approved risk management framework to ensure that Trust policies, systems and processes are effective in the management of all risks within the Trust and escalating risk management issues appropriately. This includes routine deep dives into specific risk register areas in order to gain assurance on the risk management process.
- Considers the major findings of internal audit work (and management's response), their implications and monitor progress on the implementation of recommendations.

Appendix A – Summary of arrangements (continued)

Governance (continued)

Reporting Sub-Criteria

Findings

How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee.

The effective operation of the Board, supported with regular, clear and relevant information, is the Trust's key tool for ensuring that it makes properly informed decisions. Published Board papers are presented with header sheets that provide consideration of the key elements of the Trust strategic aims the report relates to, demonstrating the Board is informed of the relevant areas in making decisions. These executive summaries also draw out the implications in terms of legislation, regulation and resources. The minutes evidence the challenge made by non-executive members and the transparency in decision making.

The Trust Chair's role is to lead the Board, ensuring its effectiveness on all aspects of its role. This includes ensuring the provision of accurate, timely and clear information to all Board members to enable decision making and effective assurance mechanisms.

The Audit Committee meets regularly throughout the year and is comprised of appropriately skilled and experienced members. The committee is constituted to provide the Trust Board with an independent and objective review on its financial systems, financial information and compliance with laws, guidance, and regulations governing the NHS.

How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed

The Trust's Standing Financial Instructions (SFIs) detail the financial responsibilities, policies and procedures adopted by the Trust. They are designed to ensure that the Trust's financial transactions are carried out in accordance with the law and with Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. The SFIs set out the procedures concerning forward plans, budgets, budgetary control and monitoring, procurement, banking, losses and controls over income and expenditure transactions. The Executive Director of Finance reports to the Finance and Investment Committee that oversee and ensure that effective processes and systems are in place to ensure budgetary control.

The Trust Board receives regular reports on its actual financial outturn as well as the expected/projected outturn position for the financial year. The reports to the Board highlights risks to achieving the planned outturn position, any changes to the original plan and how the Trust plans to address new risks.

The Trust Board receives the Integrated Performance Report for each meeting. This reports on key performance areas including Workforce, Finance and Patient related metrics. The Trust's financial plans include reporting on these wider areas as part of its mechanisms for monitoring the achievement of targets for each of the key performance areas. Where the Trust identifies a risk to target achievement, it incorporates the resulting identified mitigating actions into the Board and Assurance Framework, which enables it to identify the necessary financial resources required to implement the actions.

Appendix A - Summary of arrangements (continued)

Improving economy, efficiency and effectiveness

Reporting Sub-Criteria	Findings
How financial and performance information has been used to assess performance to identify areas for improvement	<p>The Trust reports to each Board meeting on key performance areas including Workforce, Finance and Patient related metrics. The Trust's financial plans include reporting on these wider areas as part of its mechanisms for monitoring the achievement of targets for each of the key performance areas. Where the Trust identifies a risk to target achievement, it incorporates the resulting identified mitigating actions into the Board and Assurance Framework, which enables it to identify the necessary financial resources required to implement the actions.</p> <p>The reports clearly outline performance against planned targets and outcomes. Depending on the performance area, a Board committee will have oversight of the actions being identified and taken to address areas where performance is below plan. Each committee has a process in place for monitoring agreed actions and these are then included in subsequent Board reports.</p>
How the body evaluates the services it provides to assess performance and identify areas for improvement	<p>The Trust's vision is underpinned by four ambitions:</p> <ul style="list-style-type: none">• Patients and communities experience fully joined up care responsive to their needs.• YAS people feel empowered, valued and engaged to perform at their best.• YAS achieve excellence in everything it does.• Resources are used wisely to invest in and sustain services. <p>The Trust translates this into an annual operating plan including the financial plans for enabling sustainable delivery of services. This forms the basis of monthly Trust Board reporting and the integrated performance report.</p> <p>The Trust has aligned its financial plans with its strategy which is a key enabler of delivering its strategic plan, operational plans, statutory duties and to help delivery the NHS Long Term Plan ambition to place ambulance services at the heart of urgent and emergency care.</p> <p>The Trust has multiple enabling strategies such as community engagement, quality improvement and investment in people, to support delivery of the overall corporate strategy. They all contribute to the achievement of goals and the overarching vision.</p> <p>The Trust reports to each Board meeting on key performance areas including Workforce, Clinical and Finance. The Trust's financial plans include reporting on these wider areas as part of its mechanisms for monitoring the achievement of targets for each of the key performance areas. Where the Trust identifies a risk to target achievement, it incorporates the resulting identified mitigating actions into the Board and Assurance Framework, which enables it to identify the necessary financial resources required to implement the actions.</p> <p>The Trust publishes an Annual Report and Quality Account that report on the Trust's Performance against objectives.</p>

Appendix A - Summary of arrangements (continued)

Improving economy, efficiency and effectiveness (continued)

Reporting Sub-Criteria

How the body ensures that commissioning and procuring services is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits

Findings

The Executive Director of Finance has responsibility for monitoring compliance with Public Contract Regulations 2015 and any relevant Public Procurement Policy Notice's including publishing all Contracts above £25,000 on Contracts Finder. Compliance with procurement legislation is incorporated into the Trust's Standing Orders, Standing Financial Instructions and Procurement Strategy. These are available to staff members of the Trust via the intranet.

The Trust Board has a standing item to review procurement items for approval. The Procurement Strategy and contract waivers is reviewed and monitored by the Audit Committee. The contract waivers report to the Audit Committee includes a detailed breakdown of the number of waivers against the reason code for each Directorate for the financial year, including identification of the largest producer of waivers by number, and by value.

Savings targets are set and monitored to assess whether the Trust is realising the expected benefits from procurement arrangements.



Appendix B – Certificate

Certificate

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF YORKSHIRE AMBULANCE SERVICE NHS TRUST

Issue of audit opinion on the financial statements

In our audit report for the year ended 31 March 2022 issued on 20 June 2022 we reported that, in our opinion, the financial statements:

- gave a true and fair view of the financial position of Yorkshire Ambulance Service NHS Trust as at 31 March 2022 and of its expenditure and income for the year then ended;
- Had been properly prepared in accordance with the Department of Health and Social Care Group Accounting Manual 2021 to 2022; and
- had been prepared properly in accordance with the National Health Service Act 2006 (as amended by the Health and Social Care Act 2012).

Certificate

In our report dated 20 June 2022, we explained that we could not formally conclude the audit on that date until we had issued our Auditor's Annual Report for the year ended 31 March 2022. We have now completed our procedures and no matters have come to our attention that would have resulted in a different opinion on the financial statements or additional exception reporting on significant weaknesses in the Trust's value for money arrangements.

We certify that we have completed the audit of the accounts of Yorkshire Ambulance Service NHS Trust in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice.

Hassan Rohimun

For and on behalf of Ernst & Young LLP

Manchester

XXXX 2022

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EY-000070901-01(UK) 07/18. CSG London.

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