



NHS Forth Valley

**Report to the Audit & Risk Committee, the Board and the Auditor General for
Scotland on the 2024/25 External Audit
Issued on the 29th July 2025**

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Annual Report and Accounts Audit



1.1 Partner introduction

The key messages in this report

Audit quality is our number one priority. We plan our audit to focus on audit quality and have set the following audit quality objectives for this audit:

- A robust challenge of the key judgements taken in the preparation of the financial statements.
- A strong understanding of your internal control environment.
- A well planned and delivered audit that raises findings early with those charged with governance.

I have pleasure in presenting our final report to the Audit & Risk Committee (“the Committee”) of NHS Forth Valley (“the Board”) for the 2024/25 audit. The report summarises our status, findings and certain conclusions in relation to the audit of the Annual Report and Accounts and the wider scope requirements, the scope of which was set out within our planning report presented to the Committee in March 2025.

I would like to draw your attention to the key messages of this paper:

Conclusions from our testing

We confirm our audit opinion is unmodified. The delay in receipt of information from the IJBs has had an adverse impact on our ability to conclude the audit. In addition, the prior year restatement of the PFI liability has required detailed IFRS 16 technical input. Further information is detailed on [page 7](#).

We have concluded that The Performance Report and The Accountability Report comply with the statutory guidance and are consistent with the Annual Report and Accounts and our knowledge of the Board. We provided management with comments and suggested changes based on review of the first draft and these have been updated in the final version of accounts.

Review of the Remuneration and Staff report has been completed. We have raised disclosure misstatements at [page 48](#).

A summary of our work on the significant risks is provided in the dashboard on [page 9](#). The Board met its financial targets for 2024/25, achieving a small surplus of £0.236m.

Misstatements and Disclosure Misstatements have been identified during the audit, as set out on [pages 45-49](#).

1.2 Partner introduction (continued)

The key messages in this report (continued)

Status of the Annual Report and Accounts audit

We have concluded all outstanding matters and issued our audit opinion.

Conclusions from wider scope audit work

- **Financial management** – NHS Forth Valley continues to have effective budget setting and monitoring arrangements in place.
- **Financial sustainability** – NHS Forth Valley has achieved financial balance in 2024/25 however there remains a significant funding gap in 2025/26 where savings plans have not been fully identified. NHS Forth Valley's Medium Term Financial Plan identifies an underlying deficit of £49.2m (6% of the Board's Baseline Revenue Resource Limit). There is therefore a significant risk that the Board is not financially sustainable in the medium to long term.
- **Vision, leadership and governance** – Overall, the board continues to be engaged in making improvements in its vision, leadership and governance. NHS Forth Valley made significant progress in 2023/24 and has continued this in 2024/25, however, this improvement needs to be sustained.

We would like to see the Board continue to show the progress that has been exhibited throughout 2023/24 and 2024/25 in terms of embedding an improved culture within the organisation particularly with reference to the compassionate leadership programme.

1.3 Partner introduction (continued)

The key messages in this report (continued)

Conclusions from wider scope audit work (Continued)

Use of resources to improve outcomes – NHS Forth Valley have appropriate performance management procedures in place, as evidenced by the identification and development of the new Population Health & Care Strategy. Service reviews should continue in areas that would benefit most in an effort to ensure that future decisions made represent best value.

Best value - NHS Forth Valley has sufficient arrangements in place to secure best value. The Board has a clear understanding of areas which require further development. Financial sustainability remains a key risk.

Next steps

An agreed Action Plan is included on [pages 39 to 41](#) of this report, including a follow up of progress against prior year actions.

Added value

Our aim is to add value to the Board by providing insight into, and offering foresight on, financial sustainability, risk and performance by identifying areas for improvement and recommending and encouraging good practice. In so doing, we aim to help the Board promote improved standards of governance, better management and decision making, and more effective use of resources. This is provided throughout the report.

We have also included our “sector developments” on [pages 36 to 37](#) where we have shared our research and informed perspective and best practice from our work across the wider public sector that are specifically relevant to the NHS.

Ian Howse
Lead audit partner

2. Quality indicators

Impact on the execution of our audit

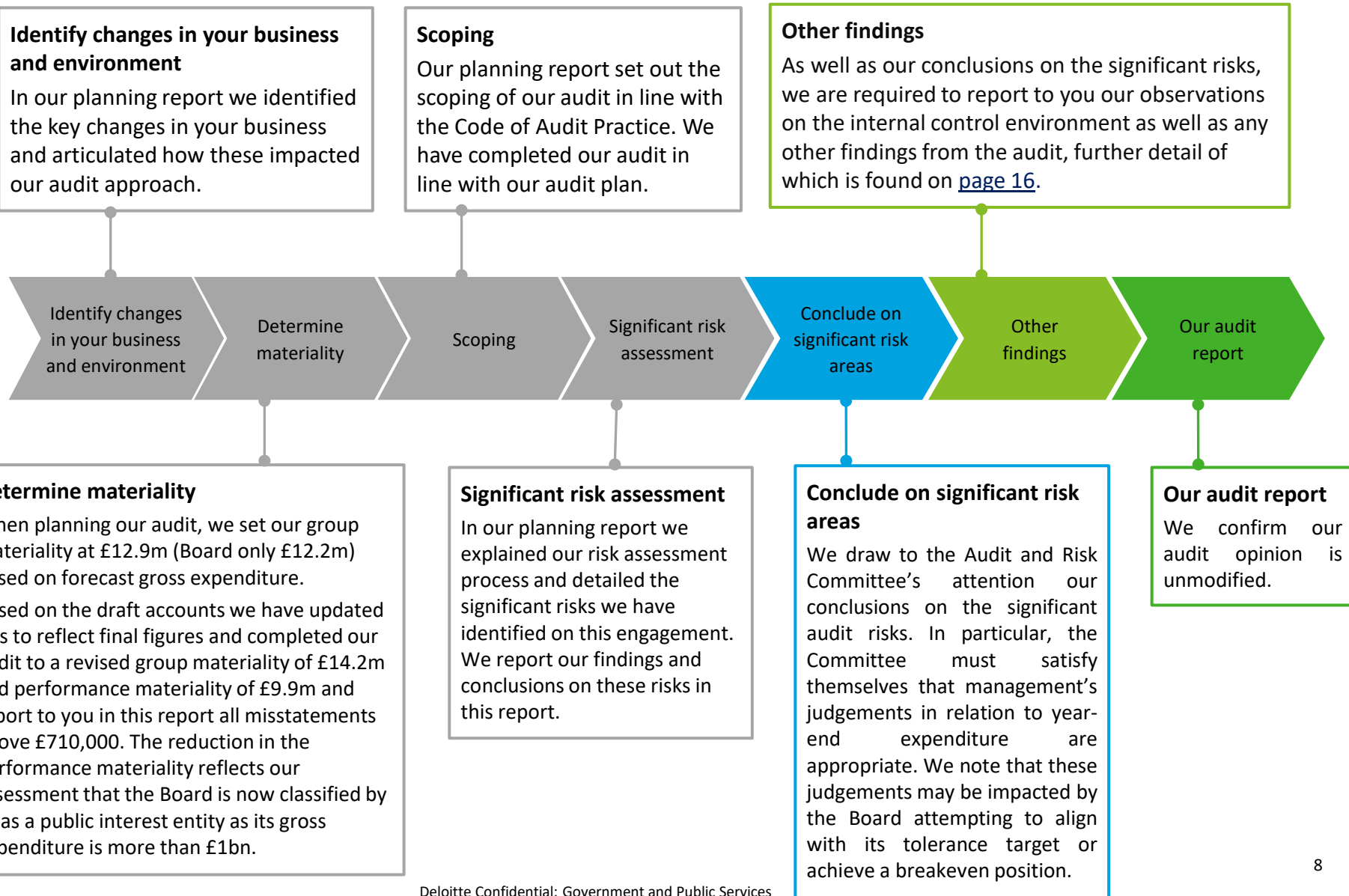
 Lagging
  Developing
  Mature

Management and those charged with governance are in a position to influence the effectiveness of our audit, through timely formulation of judgements, provision of accurate information, and responsiveness to issues identified in the course of the audit. This slide summarises some key metrics related to your control environment which can significantly impact the execution of the audit. We consider these metrics important in assessing the reliability of your financial reporting and provide context for other messages in this report.

Area	Grading	Reason
Timing of key accounting judgements		Deliverables and responses to follow ups provided promptly.
Adherence to deliverables timetable		We noted delayed items were outside NHS Forth Valley's control, such as the allocation letter, IJB financial information and SPPA Pension Information. Several audit requests relating to year end invoices and accruals were not in disaggregated listings, resulting in a resubmission rate of 11%. There were also several requests resubmitted due to no third party audit evidence being initially provided.
Access to finance team and other key personnel		The audit team have been on site regularly, with the finance team being relatively accessible throughout. In future years there would be benefits to more in person collaboration, particularly on areas such as accruals and PPE.
Quality and accuracy of management accounting papers		Accounting papers were provided in relation to Payments between the Board and the IJBs. Our testing has not identified any significant issues.
Quality of draft Annual Report and Accounts		Quality of the first draft could have been of a higher standard. Large parts of the annual report were not updated from 2023/24. In addition, inclusion of the IJB information was provided late in the process, causing delays to our audit.
Response to control deficiencies identified		Control deficiencies have been identified in regard to criteria for investigation of reviews and the annual verification behind the inputs of property valuations. Please see our recommendations and management's response on page 15 . No other issues noted.
Volume and magnitude of identified errors		Misstatements and Disclosure Misstatements have been identified during the audit, as set out on pages 45-49 . This includes details on the PFI prior year adjustment.

3. Our audit explained

We tailor our audit to your business and your strategy



4.1 Significant risks

Significant risk dashboard

Risk	Fraud risk	Planned approach to controls	Controls conclusion	Consistency of judgements with Deloitte's expectations
Management override of controls			Satisfactory	
Property valuations			Not Satisfactory	
Operating within the expenditure resource limit			Satisfactory	

Level of management judgement



Significant management judgement



A degree of management judgement



Limited management judgement

Controls approach adopted



Assess design & implementation

4.2 Significant risks

Management override of controls



Risk identified

In accordance with ISA (UK) 240, management override is a significant risk in all audits. Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Although management is responsible for safeguarding the assets of the body, we planned our audit so that we had a reasonable expectation of detecting material misstatements to the financial statements and accounting records.



Deloitte response and challenge

In considering the risk of management override, we have performed the following audit procedures that directly address this risk:

Journals

We have tested the appropriateness of journal entries recorded in the general ledger. In designing and performing audit procedures for such tests, we have:

- Evaluated the design and implementation of controls over journal entry processing;
- Considered the overall control environment and the 'tone at the top';
- Made inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments; and
- We have used Spotlight data analytics tools to select journal entries for testing, based upon identification of items of potential audit interest.

Accounting estimates and judgements.

We have reviewed accounting estimates for biases and evaluated whether the circumstances producing the bias, if any, represent a risk of material misstatement due to fraud. In performing this review, we have:

- Evaluated the design and implementation of controls relating to accounting estimates;
- Reviewed accounting estimates for biases that could result in material misstatements due to fraud and performed testing on these key accounting estimates; and

Significant and unusual transactions

We did not identify any significant transactions outside the normal course of business or any transactions where the business rationale was not clear.

Deloitte Status

We have not identified any instances of management override of controls from our testing.

4.3 Significant risks (continued)

Management override of controls (continued)

Key estimates and judgements The key estimates and judgments in the Annual Report and Accounts includes those which we have selected to be significant audit risks around expenditure recognition ([see page 14](#)) and property revaluations ([see page 13](#)). This is inherently the area in which management has the potential to use their judgement to influence the Annual Report and Accounts. As part of our work on this risk, we reviewed and challenged management's key estimates and judgements including:

Estimate judgement /	Details of management's position	Deloitte Challenge and conclusions
Private Finance initiatives ('PFI')/ HUB/ Design, Build, Finance, Maintain ('DBFM') contracts	The Board currently has two PFI projects: Clackmannanshire Community Health Centre and Forth Valley Royal Hospital. The board also has a HUB DBFM project: Stirling Community Care Village. Each liability is valued based on the value of the remaining lease payments under IFRS 16 and accounted for in accordance with IFRC 12, Service Concessions. The minimum lease rental is split between interest and principal using the actuarial method.	We assessed the initial PFI/HUB agreements in place which were obtained in the first year of audit (2022/23) and reconciled to the payment schedules for each model. Subsequently, we updated for the first year of IFRS 16 adoption for PFI contracts in the prior year audit (2023/24). For the 2024/25 year-end audit, we have performed a reconciliation from the Annual Accounts to the District Valuer Valuation Reports and Lease Schedules to confirm the models are reflected appropriately, and have reviewed the supplier code listing to reconcile the invoices and payments. We performed a retrospective review of the prior year liability to assess accuracy and challenged any changes made to the model in the current year. We assessed the value of the underlying buildings through our valuations work and have tested the unitary charges. Management processed an in-year correction to the PFI liability for incorrectly including utility costs previously. We performed a technical consultation and identified that this is a material prior year error which has been corrected by management. Further details are available at page 46 - 47.

4.4 Significant risks (continued)

Management override of controls (continued)

Estimate judgement /	Details of management's position	Deloitte Challenge and status
Clinical Negligence and Other Risks Indemnity Scheme ('CNORIS') provision	NHS bodies in Scotland are responsible for meeting negligence costs up to a threshold of £25,000 per claim. Costs above this threshold are reimbursed from the CNORIS scheme by the Scottish Government. The provision is based on information provided to the Board by the Central Legal Office (CLO) based on the information on claims and historical experience. The Board provide 100% for Category three claims and 50% for all Category two claims. As at 31 March 2025, there were 148 current claims specific to NHS Forth Valley included in the provision. The Board also provides for its liability from participating in the scheme. This provision recognises NHS Forth Valley's respective share of the total liability of NHS Scotland as advised by the Scottish Government, based on information from NHS Boards and the CLO.	We have obtained independent confirmation directly from the CLO of all outstanding claims for NHS Forth Valley at 31 March 2025, reconciled this to the amount recognised, and challenged management's provision policy and concluded that it is appropriate. We have conducted a subsequent events review of the provision to ensure that it is complete as at 31 March 2025, with no issues arising. The provision for NHS Forth Valley's share of the national liability is calculated by the Scottish Government based on information from the CLO in relation to all Boards. We have obtained assurance from Audit Scotland on the methodology used in the preparation of these figures and the relevance and reliability of the information provided by the CLO.

4.5 Significant risks (continued)

Property valuations



Risk identified and key judgements

In 2024/25 the Board has performed a full independent valuation of its estate as at 31 March 2025. This has resulted in a net increase in the valuation of the Boards property assets of £13.297m, with a closing net book value of £564.900m.

The Board is required to hold property assets within Property, Plant and Equipment at existing use value provided that an active market for the asset exists. Where there is no active market, because of the specialist nature of the asset, a depreciated replacement cost approach may be needed which provides the current cost of replacing an asset with its modern equivalent asset. The valuations are by nature significant estimates which are based on specialist and management assumptions and which can be subject to material changes in value.



Deloitte response and challenge

We have evaluated the design and implementation of key controls in place around the property valuation.

We have assessed the year end journal postings for revaluations impacting the financial statements.

We have completed the testing of the inputs to the valuation and the key asset information provided by the Board to the valuer back to supporting documentation.

We used our valuation specialists, Deloitte Real Estate Advisory, to review and challenge the appropriateness of the assumptions used in the year-end valuation of the Board's Land and Buildings.

Deloitte Status

As per [page 15](#), we have raised some control recommendations for property revaluations around the annual review of the input information that is provided to the District Valuer (DV), as well as more formal criteria for the Board's investigation into the DVs resulting report as seen at [page 39](#).

Aside from these control recommendations, we have not identified any misstatements.

4.6 Significant risks (continued)

Operating within the expenditure resource limits



Risk identified and key judgements

Under Auditing Standards there is a rebuttable presumption that the fraud risk from revenue recognition is a significant risk. In line with previous years, we do not consider this to be a significant risk for NHS Forth Valley as there is little incentive to manipulate revenue recognition with the majority of revenue being from the Scottish Government which can be agreed to confirmations supplied.

We therefore considered the fraud risk to be focused on how management operate within the expenditure resource limits set by the Scottish Government. There is a risk is that the Board could materially misstate expenditure in relation to year-end transactions, in an attempt to align with its tolerance target or achieve a breakeven position.

The significant risk is therefore pinpointed to the completeness of accruals and the existence of prepayments made by management at the year-end. As a result, the processing of invoices around the year-end is an area where there is scope to manipulate the final results. Given the financial pressures across the whole of the public sector, there is an inherent fraud risk associated with the recording of accruals and prepayments around year-end.



Deloitte response and challenge

We have evaluated the results of our audit testing in the context of the achievement of the limits set by the Scottish Government. Our work in this area included the following:

- Evaluating the design and implementation of controls around monthly monitoring of financial performance and the estimated accruals and prepayments made at year-end;
- Obtaining independent confirmation of the resource limits allocated to the Board by the Scottish Government;
- Perform focused testing of a sample of accruals and prepayments made at the year-end, including some detailed testing of journals relating to large debits and credits around year end to focus on accruals and prepayments; and
- Performing focused cut-off testing of a sample of invoices received and paid around the year-end.

Deloitte view

We have finalised our work around determining if expenditure and receipts were incurred or applied in accordance with the applicable enactments and guidance issued by the Scottish Ministers. This has resulted in a misstatement being raised regarding a payment in advance of need as seen on [page 45](#). This does not affect the compliance with the financial targets in the year. Based on our testing, we confirm that the Board has performed within the limits set by Scottish Government achieving a small surplus of £236,000 and therefore is in compliance with the financial targets in the year.

5. Your control environment and findings

Control deficiencies and areas for management focus

Observation	Year first communicated, component of internal control	Severity	Deloitte recommendation	Management response and remediation plan
Property Valuation Inputs – Annual Verification of Gross Internal Areas (GIAs) GIAs are the key input information used by the District Valuer (Property Expert) in performing their valuation work. However, the information is trusted as being accurate through the historical information that the DV received on appointment or from when an asset was added to the portfolio. There is no formal annual check to ensure this key input information is accurate each year. Therefore, there is a risk that incorrect GIAs could be used as the inputs for property valuations without this annual verification being formally in place.	2024/25 is the first year we have identified this control deficiency. This is a result of the ongoing requirements of audit, with specific focus on the key controls in place around significant risks.		It is recommended that management ensure a formal annual check between the Board's information on the 'SAMS' system and the DVs information they hold is performed to ensure this is key input information is accurate each year, ahead of the District Valuer conducting their work. The Board should also implement checks of the SAMS system to ensure the information held here is accurate and up to date.	Accepted. An in-depth review of the information held on the Strategic Asset Management System (SAMS) will be conducted during 2025/26 to ensure consistency with the information held by the District Valuer. The SAMS data will be reviewed annually thereafter and included in the workplan of the Capital Monitoring Group.

6. Other significant findings

Financial reporting findings

Below are the findings from our audit surrounding your financial reporting process.

Qualitative aspects of your accounting practices:

NHS Forth Valley's Annual Report and Accounts have been prepared in accordance with the Government Financial Reporting Manual (the "FReM"). Following our audit work, we are satisfied that the accounting policies are appropriate.

Significant matters discussed with management:

Significant matters discussed with management include the additional funding received from the Scottish Government, the funding to the IJB relating to 2025/26, the prior year restatement on cashflow and PFI, and the control findings noted through our audit procedures.

Further matters have been discussed on areas around remuneration report, accruals and the IJB, as discussed further on [pages 39 to 48](#).

Liaison with internal audit

The audit team, has completed an assessment of the independence and competence of the internal audit department and reviewed their work and findings. No reliance was placed on the work of internal audit and we performed all work ourselves.

Further consideration of internal audit is discussed under our wider scope conclusions on [page 33](#).

We have obtained written representations from the Board on matters material to the Annual Report and Accounts when other sufficient appropriate audit evidence cannot reasonably be expected to exist.

7. Our audit report

Other matters relating to the form and content of our report

Here we discuss how the results of the audit impact on other significant sections of our audit report.



Our opinion on the Annual Report and Accounts

Our opinion on the financial statements is unmodified.



Going concern

We have not identified a material uncertainty related to going concern and will report that we concur with management's use of the going concern basis of accounting.

Practice Note 10 provides guidance on applying ISA (UK) 570 Going Concern to the audit of public sector bodies. The anticipated continued provision of the service is more relevant to the assessment than the continued existence of a particular body.



Emphasis of matter and other matter paragraphs

There are no matters we judge to be of fundamental importance in the financial statements that we consider it necessary to draw attention to in an emphasis of matter paragraph.

There are no matters relevant to users' understanding of the audit that we consider necessary to communicate in an other matter paragraph.



Other reporting responsibilities

The Annual Report is reviewed in its entirety for material consistency with the Annual Accounts and the audit work performance and to ensure that they are fair, balanced and understandable.

Opinion on regularity

In our opinion in all material respects the expenditure and income in the Annual Report and Accounts were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Our opinion on matters prescribed by the Auditor General for Scotland are discussed further on [page 18](#).

8. Your Annual Report and Accounts

We are required to provide an opinion on the auditable parts of the Remuneration and Staff report, the Annual Governance Statement and whether the Performance Report is consistent with the disclosures in the accounts.

	Requirement	Deloitte response
The Performance Report	The report outlines the Board's performance, both financial and non-financial. It also sets out the key risks and uncertainties faced by the Board.	We have assessed whether the Performance Report has been prepared in accordance with the Accounts Direction. We have also read the Performance Report and confirmed that the information contained within is materially correct and consistent with our knowledge acquired during the course of performing the audit, and is not otherwise misleading. We have concluded that The Performance Report complies with the statutory guidance and is consistent with the Annual Report and Accounts and our knowledge of the Board. We provided management with comments and suggested changes which have been updated in the final version of Annual Report and Accounts .
The Accountability Report	Management have ensured that the accountability report meets the requirements of the FReM, comprising the governance statement, remuneration and staff report and the parliamentary accountability report.	We have assessed whether the information given in the Annual Governance Statement is consistent with the Annual Report and Accounts and has been prepared in accordance with the accounts direction. No exceptions were noted. We have also read the Accountability Report and confirmed that the information contained within is materially correct and consistent with our knowledge acquired during the course of performing the audit, and is not otherwise misleading. We have concluded that The Accountability Report complies with the statutory guidance and is consistent with the Annual Report and Accounts and our knowledge of the Board. We provided management with comments and suggested changes based on review of the first draft which have been updated in the final version of Annual Report and Accounts . Review of the Remuneration and Staff report is complete. We have raised disclosure misstatements at page 47.

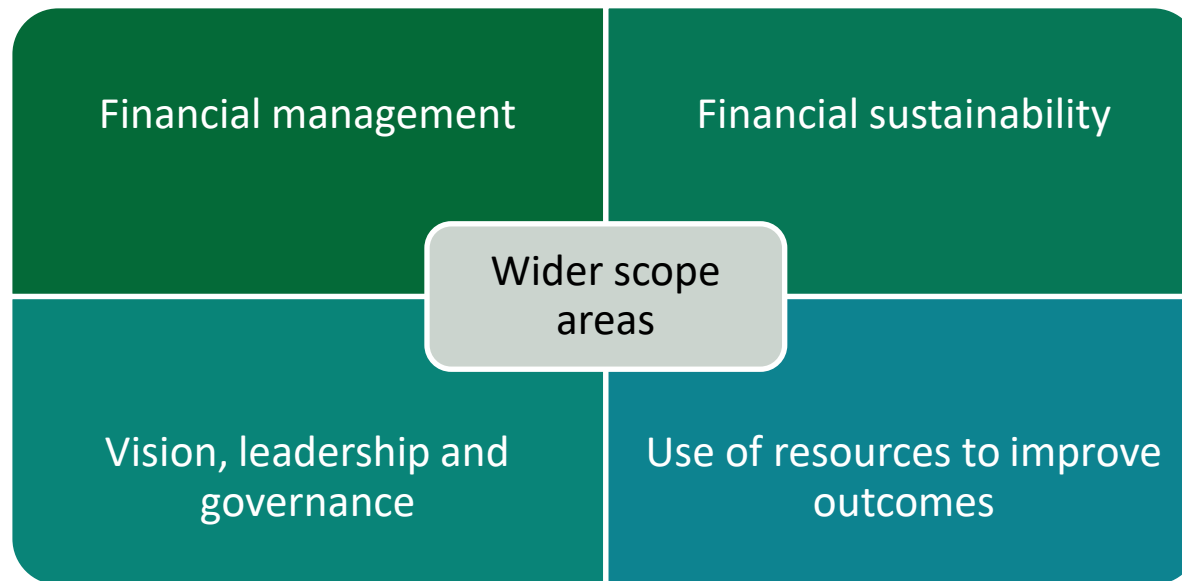
Wider scope audit



9.1 Wider scope requirements

Overview

As set out in our audit plan, reflecting the fact that public money is involved, public audit is planned and undertaken from a wider perspective than in the private sector. The wider scope audit specified by the Code of Audit Practice broadens the audit of the accounts to include consideration of additional aspects or risks in the following areas.



Our audit work has considered how the Board is addressing these and our conclusions are set out within this report, with the report structured in accordance with the four dimensions. Our responsibilities in relation to Best Value (“BV”) have all been incorporated into this audit work.

9.2.1 Wider scope requirements (continued)

Financial management

Is there sufficient financial capacity?



Is there sound budgetary processes in place?



Is the control environment and internal controls operating effectively?



Financial Management

Significant risks identified in Audit Plan

As part of our planning report, presented to the Board in March 2025, we identified that there is a significant risk around how the Board manages the large deficit position they were reporting throughout 2024/25, given the financial challenges they are experiencing.

Current year financial performance

The 2024/25 budget was approved by the Board and Scottish Government in March 2024. This was updated throughout the year to include in-year movements such as additional income received. The net expenditure budgeted at the end of the year was £936.854m.

Upon receipt of the final outturn figures, NHS Forth Valley came in with a final outturn figure of £953.630m as per the M12 finance report – achieving a small underspend of £0.236m.

The outturn position was achieved due to significant additional funding of £16.8m announced by SG and items of non-recurring savings.

9.2.2 Wider scope requirements (continued)

Financial management (continued)

Financial Reporting

As reported on the previous page, the Board approved the 2024/25 budget in March 2024. The budget was set with a focus on priorities and outcomes. The senior management team and Board members regularly review progress against budget throughout the year, with reporting to the Board occurring on a bi-monthly basis.

From review of the reporting throughout the year, variances are clearly reported and explained. There is also a clear link between the financial information reported in the year and the Annual Accounts through a clear reconciliation within the Performance Report.

Savings Plans

The approved budget for 2024/25 included a need to make savings of £43.841m (to leave a residual deficit of £14.516m). This compares to the need to make savings in 2023/24 of £25.0m

Progress against this target was closely monitored and reported to the Board during the year, applying a Red, Amber, Green (RAG) rating.

The final outturn reported that £34.1m (78%) of savings had been achieved against a Plan of £43.8m.

The planned split here was £21.7m recurring (49.5%) and £22.1m (50.5%) non-recurring, but during the course of 2024/25, £34.1m of savings were delivered with £16.2m (47.5%) of these savings being delivered on a recurring basis.

The savings targets set by the Board have increased in 2024/25. Although a financial breakeven position has been met in 2024/25, this has been achieved through significant additional funding of £16.8m being received from the Scottish Government, along with the use of a large portion of non-recurring savings – with savings in the health board currently being at a 50:50 split between recurring and non-recurring.

This is reflective of the financial challenges faced by the Board and need to continually deliver recurring reductions in costs. It is positive to note that a financial breakeven position has been reached in 2024/25, although we would emphasise that the level of savings from non-recurring is unsustainable and is leading to increasing deficits in future years, as discussed further on [page 25](#).

	2023/24 Savings Achieved (£m)	2024/25 Budgeted Savings (£m)	2024/25 Actual Savings (£m)
Recurring	2.7	21.7	16.2
Non-Recurring	22.3	22.1	17.9
Total	25	43.8	34.1

9.2.3 Wider scope requirements (continued)

Financial management (continued)

Finance capacity

A key member of finance staff retired during 2023/24. NHS FV have suitably filled this role at the start of 2024/25.

The Board continues to have a sufficiently qualified and experienced finance team to support the financial management of the Board.

Internal controls and audit

The Board has comprehensive financial regulations in place which are available to all staff and regularly reviewed. This has been updated in 2024/25 in the form of the revised Code of Corporate Governance.

We have assessed the internal audit function, including its nature, organisational status and activities.

We have analysed the work performed by internal audit, including the number of recommendations made in the year compared to previous years.

Regular progress reports have been reported to the Audit & Risk Committee throughout the year.

The Board has comprehensive financial regulations in place to support its internal control arrangements.

The Internal Audit function has independent responsibility for examining, evaluating and reporting on the adequacy of internal controls. During the year, we have completed an assessment of the independence and competence of the internal audit team and reviewed their work and findings. The conclusions have helped inform our audit work, although no specific reliance has been placed on the work of internal audit.

The latest internal audit follow up report to the Audit Committee in March 2025 highlighted out of 80 “live” recommendations, 45 actions have been completed.

18 actions are not yet due for completion, 14 actions have had agreed extension dates and three actions are overdue and extended. These continue to be monitored by internal audit.

It is important that actions are addressed on a timely basis to ensure that the risks identified from the audit work are appropriately mitigated.

9.2.4 Wider scope requirements (continued)

Financial management (continued)

Standards of conduct for prevention and detection of fraud and error

We have assessed the Board's arrangements for the prevention and detection of fraud and irregularities. This has included specific considerations in response to quarterly bulletins published by Audit Scotland that contains a fraud and irregularities section per publication. Overall, we found the Board's arrangements to be designed and implemented appropriately.

National Fraud Initiative (NFI)

All NHS Boards are participating in the 2024/25 NFI exercise. We will monitor NHS Forth Valley's participation and progress in the NFI exercise and perform a full assessment of the Board's participation in the exercise at the start of the 2026 calendar year.

Deloitte view – financial management

The Board has effective financial planning and management arrangements in place given the financial pressures across all health boards in Scotland.

The general fund position has come in at breakeven. It is important to note that this breakeven position has been met due to one off non-recurring funding received from the Scottish Government in March 2025 along with savings of £34.0m, of which £17.9m (52%) were non-recurring in nature.

The Board continues to have a sufficiently qualified and experienced finance team to support the financial management of the Board.

A robust independent internal audit function is in place and there are appropriate arrangements for the prevention and detection of fraud and error.

9.3.1 Wider scope requirements (continued)

Financial sustainability

Can short-term
(current and next year)
financial balance be
achieved?



Is there a medium and
longer-term plan in
place?



Is the body planning
effectively to continue
to deliver its services
or the way in which
they should be
delivered?



**Financial
Sustainability**

Significant risks identified in Audit Plan

In our audit plan we highlighted that 2024/25 is the first year that the Board are forecasting a deficit without a potential resolution.

Therefore, we highlighted that there is a significant risk that robust medium to long term planning arrangements are not in place to ensure that the Board can manage its finances sustainably and deliver services effectively, identify issues and challenges early and act on them promptly.

2025/26 budget setting

The Board has adequate procedures in place to set a budget that identifies financial challenges and savings requirements each financial year.

While financial balance has been achieved in 2024/25, there remains a significant underlying deficit for 2025/26 of £49.2m. Furthermore, of the planned savings for 2025/26, 50% are expected to be non-recurring.

Therefore, there remains a significant risk that the Board is not financially sustainable in the medium to longer term due to significant levels of unidentified savings required to be made and reliance on non-recurring savings.

9.3.2 Wider scope requirements (continued)

Financial sustainability (continued)

Medium-to-long term financial planning

As mentioned on the previous page, there is an underlying recurring deficit of £49.2m that has been identified for 2025/26 (6.4% of the baseline Revenue Resource limit).

A refreshed Financial Sustainability Action Plan has been developed for 2025/26 which sets out the programme of work and supporting actions required to address the underlying deficit – which is forecasted to reduce to £47.4m in 2026/27 and £36.4m in 2027/28.

The scale of the funding gaps in future years remains a significant challenge. Whole systems transformation and service reform focusing on prevention and value-based health and care is required to deliver longer term financial, service and workforce sustainability. These are part of a significant programme of work the Board is undertaking.

The Board considers scenario planning, sensitivity analysis, the impact of demographic change/demand & developments linked to their population health strategy, workforce strategy & digital strategy as part of the medium-term revenue and capital plans. The medium-term financial plan was approved by the NHS Board and Scottish Government in March 2025.

To address the key risk that an unsustainably large portion of savings are non-recurring, which increases the challenge in future years, this plan includes an objective of moving from a Recurring to Non-Recurring Savings split from 50:50 in 2025/26, towards the aim of an almost fully recurring savings (98%) split as per 2027/28.

On the topic of non-recurring items, it is important to note that the Board's forecast Revenue Resource Limit for 2025/26 is £977.5m (2024/25: £953.9m). However, this has been increased due to receiving funds from the Scottish Government as part of the national sustainability fund which is comprised of £13.7m recurring funding and £3.8m non-recurring funding.

The non-recurring nature of these items do not address the underlying recurring financial gap which carries forward to 2025/26.

9.3.3 Wider scope requirements (continued)

Financial sustainability (continued)

Deloitte view – financial Sustainability

Best practice states recommendations of a medium-term financial outlook to stretch over 5 years. However, the board focus on a three-year outlook, noting that plans beyond these 3 years are problematic due to the level of uncertainty in key planning assumptions.

The medium-term financial forecasts over the next 3 years highlight that the financial challenges faced by NHS Forth Valley are significant.

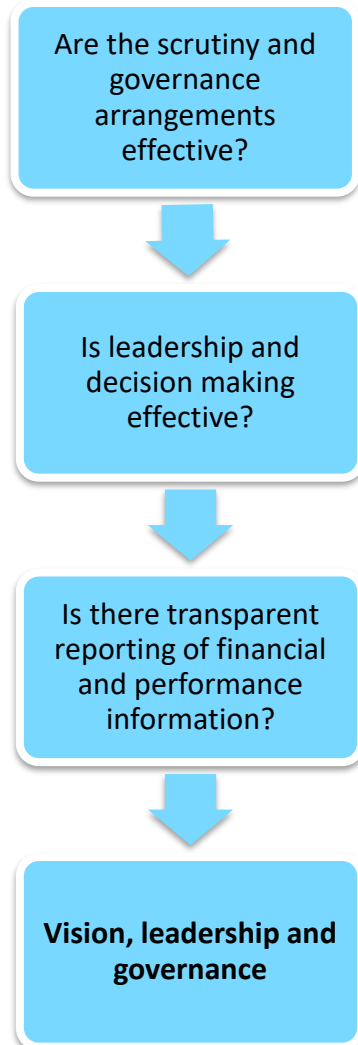
The board delivered £16.2m of recurring savings against the Scottish Government target of £20.1m for 2025/26, and although projections are in place to move the recurring/non-recurring split of savings towards a more recurring base, this is underpinned by uncertain future funding from Scottish Government as well as the uncertainty around future payments towards the IJBs.

Therefore, the Board cannot currently demonstrate that it is financially sustainable in the medium to long term.

The capital funding position is equally as challenging as the revenue position. The board should continue to review the impact lower capital investment will have on its medium to long term strategy including the impact on key performance measures.

9.4.1 Wider scope requirements (continued)

Vision, leadership and governance



Significant risks identified in Audit Plan

In our audit plan, we highlighted that although the Board have been de-escalated from Stage 4 to Stage 3 of the NHS Scotland Performance Escalation Framework (now the Support and Intervention Framework), there remains a significant risk around leadership, governance and culture, given the Board still remains on the higher side of the scale of the escalation framework.

NHS Forth Valley must show that sustained progress against the revised escalation action plan has been made throughout 2024/25.

Vision and strategy

The publication of the Board's Population Health & Care Strategy has been delayed until Autumn 2025 and therefore is yet to be delivered, with the most recent one covering the period 2016-2021.

Whilst the new strategy is in development, the Board has set corporate objectives and prepared its Annual Delivery Plan for 24-25 in line with guidance received from Scottish Government.

The objectives cover various themes including health inequalities and sustainability, both environmental and financial.

9.4.2 Wider scope requirements (continued)

Vision, leadership and governance (continued)

Community Engagement

NHS Boards in Scotland have a duty to involve people when new services are being planned, or when changes to existing services are being considered, as set out in the Planning with People Scottish Government Guidance.

NHS FV has engaged with various stakeholders and the wider community in developing the Population Health & Care Strategy, with this engagement expected to continue through 2025.

The Board is also a statutory partner in the three local Child Poverty and Community Justice groups and works with community bodies and local public sector and third sector organisations.

Information about the Board, including plans, reports, and Board papers, is made available through its website.

Leadership

NHS FV have made positive progress in stabilising the leadership team in 2024/25 – with two interim positions becoming permanent posts in the year, leaving three posts currently being filled on an interim basis.

We have noted the continued positive impact the compassionate leadership programme has had since its introduction in 2023/24 and would like to see this positive culture continue to be developed, embedded and sustained through 2025/26 and beyond.

9.4.3 Wider scope requirements (continued)

Vision, leadership and governance (continued)

Governance and scrutiny arrangements

As a result of the Board's escalated governance arrangements in 2023, an independent review of corporate governance arrangements was undertaken, with the final report presented to the Board in November 2023.

It is promising to see the Board's positive response to actioning the recommendations raised across this review. The development of the new Population Health & Care Strategy, which is in progress, demonstrates the Board's commitment to show sustained progression through 2024/25 and beyond.

Escalation

The Board was de-escalated to stage 3 and with the continued development of the Compassionate leadership and culture change programme and its corresponding reports to the Board, NHS Forth Valley are committed to a path of further de-escalation.

Decision Making

Decision making within NHS FV is clear, this has been improved during 2024-25 with the work done as part of the performance management framework and improved performance reporting.

Deloitte view – Vision, Leadership and Governance

It is promising that the Board continues to be engaged in making improvements in its vision, leadership and governance as it strives to continue on the path of de-escalation. NHS Forth Valley made significant progress in 2023/24 and has continued this in 2024/25, however, this improvement needs to be sustained.

We would like to see the Board continue to show the progress that has been exhibited throughout 2023/24 and 2024/25 in terms of embedding an improved culture within the organisation.

9.5.1 Wider scope requirements (continued)

Use of resources to improve outcomes



Significant risks identified in Audit Plan

In our audit plan we highlighted that due to the significant system wide pressure there is a risk that performance management systems are not effective.

Performance management framework

The Board's performance management framework sets out the processes in place to monitor financial, quality and operational outcomes and associated performance measures.

The framework was developed in conjunction with both IJBs.

The Board also agrees an Annual Delivery Plan with the Scottish Government each year which sets out key objectives and targets for a range of national indicators.

The Board is currently developing a Population Health & Care Strategy focusing on sustainable population health and care improvement which will require a longer-term prevention approach to deliver.

The development in this plan demonstrates the Board's clear focus on improvement within the organisation.

It is important given the challenging financial environment that investment choices are prioritised to obtain best value including the best outcomes for people in the Forth Valley area.

9.5.2 Wider scope requirements (continued)

Use of resources to improve outcomes

Service Reviews

Directorate performance reviews are held on a quarterly basis focusing on service redesign and new and improved service models.

A key theme of the Board's corporate objectives is a focus on improvement, and the Board ensure that public consultation is carried out in relation to the development or refresh of relevant strategies within NHS Forth Valley.

Deloitte view – Use of resources to improve outcomes

NHS Forth Valley have appropriate performance management procedures in place. We will review the performance management arrangements when the strategy and accompanying KPIs are revisited upon the completion of the Population Health & Care Strategy. Service reviews should continue in areas that would benefit most in an effort to ensure that future decisions made represent best value.

9.6 Wider scope requirements (continued)

Best value

Requirements

The Scottish Public Finance Manual (SPFM) explains that Accountable Officers have a specific responsibility to ensure that arrangements have been made to secure Best Value (BV).

Ministerial guidance to Accountable Officers for public bodies sets out their duty to ensure that arrangements are in place to secure Best Value in public services. As part of our wider scope audit work, we have considered whether there are organisational arrangements in place in this regard.

Conclusions from Audit Work

Under the new Code of Audit Practice, the audit of Best Value is fully integrated within the annual audit work. We have evaluated and reported on the performance of the NHS Forth Valley Board in meeting its Best Value duties as follows:

1. **Follow-up and risk based work.**
2. **Service Improvement and reporting.**

Deloitte view – Best Value

NHS Forth Valley has sufficient arrangements in place to secure Best Value.

The Board has a clear understanding of areas which require further development. Financial sustainability remains a key risk.

9.7 Purpose of our report and responsibility statement

Our report is designed to help you meet your governance duties

What we report

Our report is designed to help the Audit & Risk Committee and the Board discharge their governance duties. It also represents one way in which we fulfil our obligations under ISA (UK) 260 to communicate with you regarding your oversight of the financial reporting process and your governance requirements. Our report includes:

- Results of our work on key audit judgements and our observations on the quality of your Annual Report.
- Our internal control observations
- Other insights we have identified from our audit.

The scope of our work

Our observations are developed in the context of our audit of the Annual Report and Accounts.

We described the scope of our work in our audit plan.

Use of this report

This report has been prepared for the Board, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose.

What we don't report

As you will be aware, our audit was not designed to identify all matters that may be relevant to the board.

Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by management or by other specialist advisers.

Finally, our views on internal controls and business risk assessment should not be taken as comprehensive or as an opinion on effectiveness since they have been based solely on the audit procedures performed in the audit of the financial statements and the other procedures performed in fulfilling our audit plan.

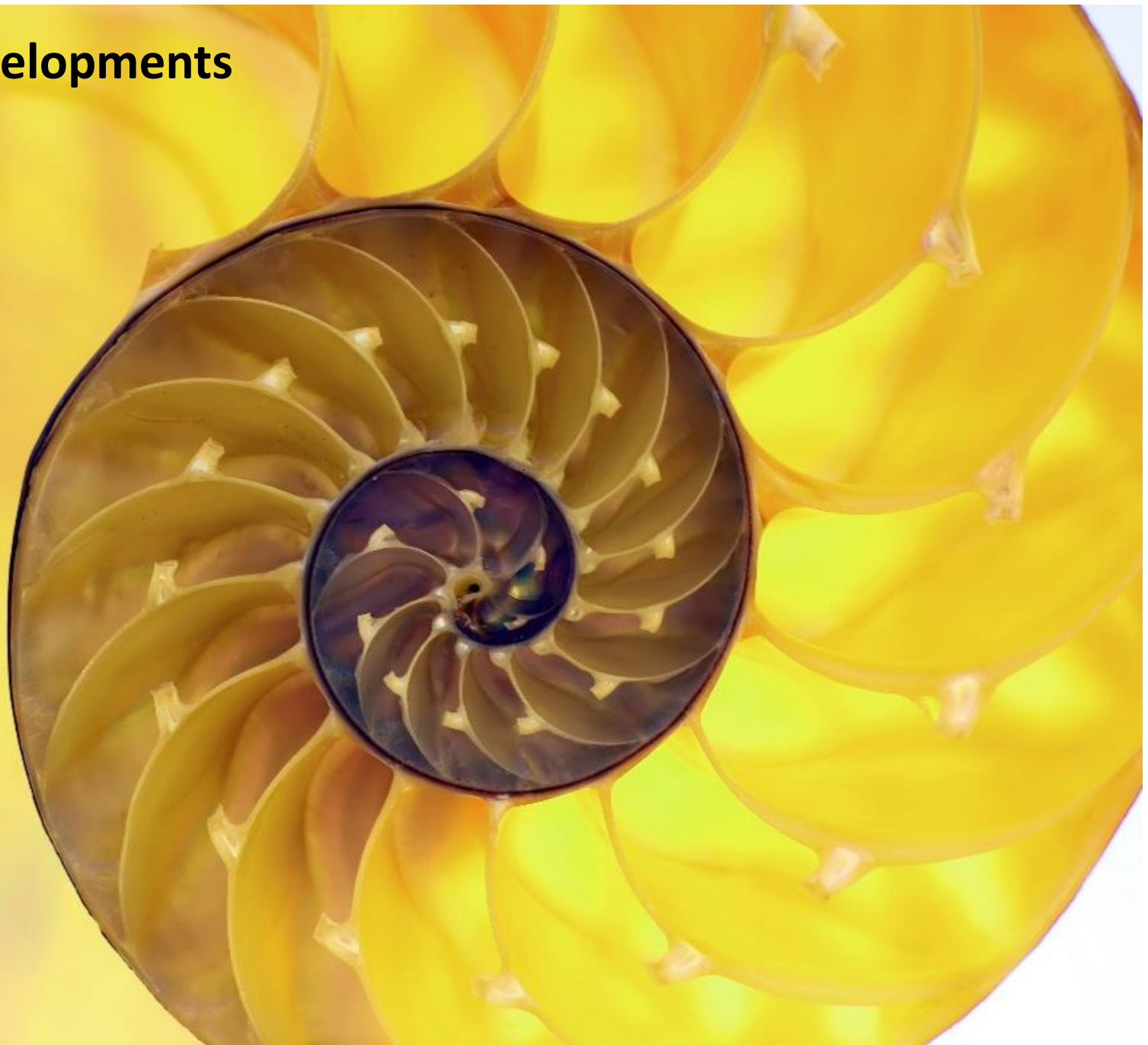
We welcome the opportunity to discuss our report with you and receive your feedback.

Ian Howse

Deloitte LLP

Cardiff | 29 July 2025

Sector developments



10.1 The ‘failure to prevent fraud’ offence

Guidance for organisations

Background

The Economic Crime and Corporate Transparency Act 2023 introduced a corporate criminal offence of ‘Failure to Prevent (FtP) Fraud’, which comes into effect from 1 September 2025. The intention of the act is to encourage organisations to implement or enhance their fraud prevention procedures.

Under the offence, an organisation may be criminally liable where an employee, agent, subsidiary, or other “associated person”, commits a fraud intending to benefit the organisation and the organisation did not have reasonable fraud prevention procedures in place.

In certain circumstances, the offence will also apply where the fraud offence is committed with the intention of benefitting a client of the organisation. It does not need to be demonstrated that those charged with governance or senior managers ordered or knew about the fraud.

The offence applies to NHS bodies, and would apply to subsidiaries if over the ‘large company’ thresholds¹. The offence applies to large incorporated bodies and partnerships across the UK, including public sector bodies¹.]

The Home Office has published [guidance](#) that describes principles for organisations on expectations of procedures to prevent fraud, which would be taken into account by the courts as a defence.

The fraud prevention framework put in place by relevant organisations should be informed by the following six principles, and proportionate to the risk for the organisation:

- top level commitment
- risk assessment
- proportionate risk-based prevention procedures
- due diligence
- communication (including training)
- monitoring and review

Our observations

The NHS in general has robust counter-fraud arrangements, including through Local Counter Fraud, to address the risk of fraud against the NHS.

The new offence is in respect of fraud intended to benefit the organisation, rather than against it, and therefore requires separate consideration.

Next steps

We recommend the Board:

- review the [Home Office guidance](#)
- undertake and document a risk assessment of risks in respect of its operations.

This may identify further actions required, such as:

- updating existing policies
- strengthening internal controls in particular areas
- undertaking training for relevant staff.

• 1. The large company thresholds are meeting two out of three of: more than 250 employees; more than £36m turnover; more than £18m in total assets

10.2 Recently published Deloitte reports, articles & podcasts

Webcast series – 2025 life sciences and health care outlook: Navigating key trends and challenges

Deloitte is launching a new webcast series covering the life sciences and health care outlook. Life sciences and health care organizations appear to be expressing a positive outlook for 2025. There are also ways organizations can contribute even more toward health and well-being for all. Focusing on growth strategies, addressing uncertainties and competitive challenges, prioritizing health equity, investing in digital transformation and technology, and having a consumer focus are all likely to be important in the new year. We'll discuss:

- Key issues transforming the life sciences and health care ecosystem
- Understanding of recent trends in how organizations are addressing health equity
- Potential changes and challenges in 2025

Participants will evaluate trends and key challenges that may shape their organization's strategy in the year ahead.

Register at: [My Deloitte](#)

Appendices



11.1 Action Plan

The following recommendations have arisen from our 2024/25 audit work:

Recommendation	Management Response	Priority	Responsible Person	Target Date
1. Criteria for Investigation of review of monthly results for service areas. Service Leads will not review and approve every individual journal on the system before it is posted. Instead, their monthly reviews are stated to be granular enough to catch any erroneous or fraudulent journals that may be posted. However, there is no official criteria, or monetary limit to aid such investigation during their review. We suggest the Board should formalise the levels of review for each service are to provide a more precise criteria for investigation to eliminate increased risk of missing incorrectly posted or fraudulent journals to income and expense codes.	Accepted. The monthly review of financial results by the finance team will be formalised in a Standard Operating Procedure which will include specific criteria for investigation.	Low	Deputy Director of Finance	31 July 2025
2. Criteria for Investigation of review of District Valuers report for property valuations. Similarly to above, there is no set investigation criteria that directs the Boards review of the reports produced by the District Valuer around property valuations. We suggest the board should formalise the criteria of investigation for this review of the DV property valuation report. This would allow for more rigid investigation criteria to be in place, reducing the risk around incorrect property revaluations being processed in the accounts.	Accepted. This will be discussed with the District Valuer and implemented for the 2025/26 valuation exercise. In addition, an in-depth review of the information held on the Strategic Asset Management System (SAMS) will also be conducted to ensure that there is consistency with the information held by the District Valuer as per the management response to the control deficiency referred to on page 15.	Low	Director of Facilities and Capital Accountant	31 March 2026

11.2 Action Plan (continued)

The following recommendations have arisen from our 2024/25 audit work:

Recommendation	Management Response	Priority	Responsible Person	Target Date
3. Formal documentation required for the Property Valuation Specialist close meeting. The Board hold a close meeting with the District Valuer to formally conclude on the revaluation work. However, there were no minutes to observe this meeting had occurred and show what was discussed. Given this is an area of significant risk as per page 13, there is a lack of robust audit evidence in place to demonstrate the Boards review of valuers report at year end. We therefore recommend that the Board document formal minutes of the close meeting to provide more robust audit evidence of this control going forward.	Accepted. Whilst there is email evidence of the Board's review of the valuers reports at year end, we will formally minute any discussions relating to the initial engagement, scope of revaluation and final review going forward.	Low	Capital Accountant	31 March 2026
4. Accruals points around delays in settling disputes and lack of sufficient evidence. During out testing of the Accruals balance, we identified immaterial errors which highlighted that there were some inefficiencies in place leading to the delay in the processing of invoices. We would recommend that a formal audit trail of communication is kept when disputes occur. These items identified did not lead to any errors above our reporting threshold, and this is a best practice recommendation regarding the processing of invoices.	Accepted. We will review the escalation process relating to invoice approval to ensure that delays in approval by the relevant budget holder are minimised where possible.	Low	Accounting Services Manager	30 June 2025

11.3 Action Plan (continued)

We have followed up the recommendations made in 2023/24. We are pleased to note that the 2 out of the 3 recommendations have been fully implemented as documented below.

Recommendation	Management Response 23-24	Responsible Persons / Target Date	Management Update 24-25
1. The board should review the impact lower capital investment will have on its medium to long term strategy including the impact on key performance measures.	This will be considered as part of the development of the new population health and care strategy and submission of the Business Continuity Plan and Whole System Infrastructure Plan under the new capital planning approach by the Scottish Government.	Director of Facilities / Jan 2025	The Population Health & Care Strategy is yet to be finalised as below and it is anticipated that this will be a major driver for the medium to longer term in relation to capital investment and will shape the Whole System Infrastructure Plan. The first capital Business Continuity Plan was submitted as required in January 2025 and focussed on addressing risk across infrastructure, a further iteration is expected to be submitted in November 2025. The requirements for the Whole System Plan have been reviewed by Scottish Government with formal guidance yet to be issued. There is a 'launch' event taking place on 30 April 2025 and more will be known then.

11.4 Action Plan (continued)

Recommendation	Management Response 23-24	Responsible Persons / Target Date	Management Update 24-25
2. The board should work with the assurance board to determine key strategic areas of focus going forward. Areas in relation to vision, leadership and governance we would like to see further development in are: - Healthcare Strategy - Leadership stabilisation - Continuing and embedding improved culture activities	We continue to work closely with the Assurance Board towards a path to de-escalation. Key priorities alongside the ongoing improvement work in Culture, Leadership & Governance include the development of the new population health and care strategy, appointment to key leadership posts and embedding culture activities.	Chief Executive / Dec 2024	- Healthcare strategy implementation advancing well. Draft for final round of external engagement going to Board for approval on 29/04/25 and on track for completion by Sep 25. - Senior team have been supported through externally led OD Programme and team have stabilised number of positions such as BCE, Head of People, Exec Nurse Director, AHP Director. Significant evidence of progress worked through at Board Seminar on 24/04/25 which can be shared. - Culture Change and Compassionate Leadership Programme now well underway with four workstreams now fully up and running and the remaining four commencing in June. Again, significant evidence around culture change presented to Board Seminar on 24/04/25 which can be shared.

11.5 Action Plan (continued)

Recommendation	Management Response 23-24	Responsible Persons / Target Date	Management Update 24-25
3. Due diligence around the use of escalated rates for supplementary medical staff should be reviewed to ensure decisions made represent best value.	Review of due diligence & associated processes for escalation of supplementary medical locum rates will be taken forward by a new oversight group chaired by the Medical Director with senior clinical, finance and HR representatives	Medical Director / Sept 2024	The Medical Workforce Oversight Group was established on 23 Sept 2024 and provides the due diligence.

12.1 Audit quality and our system of quality management

Our commitment to audit quality

Audit quality is at the heart of everything we do and our system of quality management (SQM) supports our execution of quality audits.

ISQM (UK) 1 sets out a firm's responsibilities to design, implement and operate a system of quality management for audits, reviews of financial statements, and other assurance or related services engagements.

The effective ongoing operation of ISQM (UK) 1 has been and remains a key element of Deloitte's global audit and assurance quality strategy and of the UK firm.

Deloitte UK performed its second annual evaluation of its system of quality management as of 31 May 2024. This evaluation was conducted in accordance with ISQM (UK) 1 and we concluded our SQM provides the firm with reasonable assurance that the objectives of the SQM are being achieved as of 31 May 2024.

For further details surrounding the conclusion on the operating effectiveness of the firm's SQM, including results of the monitoring activities performed, please refer to the disclosures within Appendix 5 of our publicly available [Transparency Report](#).



13.1 Audit adjustments

Unadjusted misstatements

The following uncorrected misstatements have been identified up to the date of this report which we request that you ask management to correct as required by ISAs (UK). Uncorrected misstatements increases the surplus and net assets by £2.799 million.

		Debit/(credit) SOCNE £m	Debit/(credit) in net assets £m	Debit/(credit) prior year reserves £m	Debit/(credit) Equity £m
Misstatements identified in prior year					
PPE	[1]	-			
Revaluation Reserve				-	
Misstatements identified in current year					
Associate and Joint ventures share of deficit	[2]	2.99			
Associate and Joint venture share of reserves			(2.99)		
Total		2.99	(2.99)		

[1] Prior Year Uncorrected Property Valuation Misstatement Remaining Uncorrected – In 2023/24, there was one prior year misstatement within property valuations above our reporting threshold which was identified by our internal real estate asset valuation specialist team where inaccurate ground areas had been used as the basis for valuing the Forth Valley Royal Hospital and Royal Scottish National Hospital sites by the District Valuer due to the addition of a new car park. This impacted historic valuations to a total sum of £1.39m due incorrect floor areas that were input to the valuation of the building. As this balance was immaterial, management chose not to adjust for this misstatement. However, this results in the opening balance of the property portfolio in 2024/25 to be misstated by this amount. Note, as this would be matched by adjustment to Scottish Government funding, there is no impact to the final outturn.

2] Payment in Advance of Need - During the 2024/25 financial year, NHS FV have recognised expenditure in relation to contributions towards 2025/26. We have assessed whether this meets the accounting requirements under the FReM which adopts IFRS 11 and IAS 28. There is no direction in place under the Public Bodies (Joint working) (Scotland) Act 2014. We have determined that no liability exists at 31 March 2025 for this advance contribution. The resultant impact is £2.99m increase in the associate and joint venture deficit recorded and associated increase in net expenditure. This does not impact the RRL as this is deducted when calculating the outturn as per note 2a.

13.2 Audit adjustments (continued)

Corrected misstatements

The following misstatements have been identified up to the date of this report which have been corrected by management. We nonetheless communicate them to you to assist you in fulfilling your governance responsibilities, including reviewing the effectiveness of the system of internal control.

		Debit/(credit) SOCNE £m	Debit/(credit) in net assets £m	Debit/(credit) prior year reserves £m	If applicable, control deficiency identified
Contribution to Integration Joint Boards	[1]	(2.404)			
Trade and other payables – Other public bodies			2.404		
PFI Liability	[2]		65.490		
Non-Cash Costs – PFI Remeasurement		(64.195)			
PFI and Finance Lease costs		(1.295)			
PFI Liability			(65.490)		
Non-Cash Costs – PFI Remeasurement				64.195	
PFI and Finance Lease costs				1.295	
Total		(67.894)	2.404	65.490	

[1] **Falkirk IJB Contribution** – It was identified that NHS Forth Valley received a late request from Falkirk IJB on 10th June 2025 to reduce the contribution to Falkirk IJB for 2024/25. Due to this request being late, it had not been recorded in the Board’s accounts and requires adjusting for.

13.3 Audit adjustments (continued)

Corrected misstatements (continued)

[2] **PFI Prior Year Adjustment** – We have performed a technical consultation on the prior year adjustment with our IFRS 16 specialists. In the 2023/24 financial year, PFI contracts fell under the remit of IFRS 16 for the first time in the public sector. With the comparative transition date as at 1 April 2023 for period 2023/24. As such the Board performed adjustments to their PFI models to account for this. The adjustment to account for IFRS 16 included an adjustment to the lease liability of £119m which appears in the statement of comprehensive net expenditure. It was established by the board in the current year that this incorrectly included utility costs which are part of the PFI unitary charge.

IFRS 16 does allow for a practical expediency to include utility charges, but the Board are of the view that this was not intended to be taken and they do not view it as appropriate to include utility charges. In 2024/25 when this was established, the board recalculated the lease liability without the practical expediency and reduced the lease liability by £64.195m at 1 April 2023 and a further £1.295m reduction to 31 March 2024 . This was processed through as an in-year adjustment by the board.

As this instance has resulted in an adjustment which is multiple times materiality, we highlighted that the annual report and accounts should be restated to reflect the prior year error and the board have corrected this. We also requested the board include the appropriate disclosure including a third balance sheet as required by IAS 1 and this has been updated in the final accounts.

13.4 Audit Adjustments (continued)

Disclosures

Disclosure misstatements

The following corrected disclosure misstatements have been identified up to the date of this report which management have agreed to correct for in line with the ISAs (UK).

Disclosure	Summary of disclosure requirement	Quantitative or qualitative consideration
Employee contributions have not been removed from real increase in CETV	The real increase in CETV figures on the remuneration and staff report include employee contributions, whereas these should have been removed as per the SPPA guidance and Audit Scotland Practice Note.	This misstatement has arisen due to the fact that a manual adjustment to the real increase in CETV figures is necessary. This only impacted the disclosure of the pension benefits of the directors in the remuneration report and resulted in a cumulative misstatement of £0.104m.
Headcount numbers were reported incorrectly	Some employees have multiple jobs within NHS Forth Valley, each of which has a separate pay number. As a result, a small number of staff have been counted more than once	This misstatement was due to an input error. Therefore, no other areas of the audit have been affected.

13.5 Audit Adjustments

Disclosures (continued)

Corrected Disclosure misstatements (continued)

The following corrected disclosure misstatements have been identified up to the date of this report which management have agreed to correct for in line with the ISAs (UK).

Disclosure	Summary of disclosure requirement	Quantitative or qualitative consideration
Incorrect pension benefits disclosure	The Board had incorrectly listed the pension benefits for one of their Directors at £0.089m in the Annual Accounts	There has been no impact on other areas of the audit and management have agreed to correct for this.
Incorrect remuneration banding disclosure	The total remuneration for two directors was incorrectly disclosed. An executive director was disclosed at 115-120k where the correct banding is 120-125k. Similarly, a non-executive director was disclosed at 5-10k, where the correct banding is 0-5k.	There has been no impact on other areas of the audit and management have agreed to correct for this.

Unadjusted Disclosure misstatements

The following unadjusted disclosure misstatements have been identified up to the date of this report which we request that you ask management to correct as required by ISAs (UK).

Disclosure	Summary of disclosure requirement	Quantitative or qualitative consideration
Note 1.29 does not disclose sensitivities in line with IAS 1:129 (b)	We recommend that disclosures in note 1.29 are enhanced to disclose the sensitivity of carrying amounts to the methods, assumptions, and estimates underlying the calculation of PPE valuations.	We recognise that this is not common practice in NHS accounts, and we do not consider this to be material to the users of the financial statements.

14. Our other responsibilities explained

Fraud responsibilities and representations



Responsibilities:

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. As auditors, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.

Required representations:

We have asked NHS Forth Valley to confirm in writing that you have disclosed to us the results of your own assessment of the risk that the financial statements may be materially misstated as a result of fraud and that you are not aware of any fraud or suspected fraud that affects the entity.

We have also asked NHS Forth Valley to confirm in writing their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error and their belief that they have appropriately fulfilled those responsibilities.



Audit work performed:

In our planning we identified the risk of fraud in operating within expenditure resource limits and management override of controls as a key audit risk.

During course of our audit, we have had discussions with management and those charged with governance.

In addition, we have reviewed management's own documented procedures regarding fraud and error in the financial statements.

We have reviewed the paper prepared by management for the Audit & Risk Committee on the process for identifying, evaluating and managing the system of internal financial control. We will explain in our audit report (for all entities subject to audit) how we considered the audit capable of detecting irregularities, including fraud. In doing so, we will describe the procedures we performed in understanding the legal and regulatory framework and assessing compliance with relevant laws and regulations.

Concerns:

No issues or concerns have been identified in relation to fraud.

15. Independence and fees

As part of our obligations under International Standards on Auditing (UK), we are required to report to you on the matters listed below:

Independence confirmation	We confirm the audit engagement team, and others in the firm as appropriate, Deloitte LLP and, where applicable, all Deloitte network firms are independent of the Board and our objectivity is not compromised.
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Fees	The expected fee for 2024/25, as communicated by Audit Scotland in January 2025 is analysed below:
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	£
Auditor remuneration	182,270
Audit Scotland fixed charges:	
• Pooled costs	18,890
• Sectoral cap adjustment	1,030
Total expected fee	202,190

Given the work undertaken in respect of the prior period adjustment and entries in respect of the IJB funding, we are still reviewing the final fee for 2024/25.

Non-audit services	We continue to review our independence and ensure that appropriate safeguards are in place including, but not limited to, the rotation of senior partners and professional staff and the involvement of additional partners and professional staff to carry out reviews of the work performed and to otherwise advise as necessary.
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Relationships	We have no other relationships with the Board, its directors, senior managers and affiliates, and have not supplied any services to other known connected parties.
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