

**UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST**

**MINUTES OF THE EXTRAORDINARY AUDIT COMMITTEE MEETING**  
**HELD ON THURSDAY 27 APRIL 2023 AT 9 AM**  
*(held virtually via Microsoft Teams)*

**Present:** Mr M Williams - Non-Executive Director (Chair)  
Ms V Bailey - Non-Executive Director, and Chair of the Quality Committee  
Mr B Patel - Non-Executive Director, and Chair of the People and Culture Committee

**In Attendance:** Mr J Brown - External Audit (KPMG)  
Ms B Cassidy - Director of Corporate and Legal Affairs  
Ms K Henry - External Audit (KPMG)  
Ms L Hooper - Chief Financial Officer  
Mr S Linthwaite - Deputy Director of Finance  
Ms K Meats - Internal Audit (360 Assurance)  
Ms A Moss - Corporate and Committee Services Officer  
Ms J Robinson - Internal Audit (360 Assurance)  
Mr R Walton - External Audit (KPMG)

**RECOMMENDED ITEMS**

**ACTION**

**28/23      2021/22 ACCOUNTS**

The Chief Financial Officer reported there were issues which needed to be resolved prior to 2021/22 Accounts being submitted to the Trust Board for approval. As the audit had progressed, during the latter stages, an issue had come to light about pension disclosures. The Auditors required further evidence to support the figures relating to pensions in order to complete their audit. Confirmation of the disclosures was being sought from the Pension Agency. In addition, there was an issue to be resolved with respect to the classification of agency Full Time Equivalents (FTE) in the staffing table in the Remuneration Report. It was proposed to delegate authority to the Audit Committee, Non-Executive Director, Chair and the Chief Financial Officer to resolve these issues prior to submitting the 2021/22 Accounts to the Trust Board.

The Deputy Director of Finance presented the 2021-22 Accounts as set out in Paper A1. The Trust had reported a surplus of £23.6m prior to adjustment for reversals, impact of consumables donated by the Department of Health and Social Care (DHSC), capital donations and grants and the sale of land. The adjusted financial performance was a surplus of £20.2m

The 2021/22 Accounts reported that the Trust had achieved its statutory financial duties, by delivering in-year financial balance, maintaining capital spending, cash and borrowing within the limits set by DHSC. The Trust had not met the duty to break-even over a three-year cumulative period.

The Deputy Director observed that the improved 'qualified' audit opinion was a reflection of the strengthened financial control environment in 2021/22 and progress in implementing the financial improvement plan.

The Audit Committee Non-Executive Director, Chair asked what action had been taken in respect of the adjustments proposed by the External Auditor. The Deputy Director of Finance responded by noting the Trust had agreed to all the adjustments and these were reflected in the accounts.

The Audit Committee, Non-Executive Director, Chair asked if the £20.2m surplus was consistent with that reported in-year. The Deputy Director confirmed that was the case.

Ms V Bailey, Non-Executive Director, asked for the report submitted to the Trust Board reflect the historical context for the accounts and the progress made. The Chief Financial Officer

confirmed that this had been reported in the External Audit report and would be emphasised in the Trust's report and wider communication.

**Resolved – that (A) the Going Concern Assessment be approved;  
(B) the analytical review of the Annual Accounts be noted;  
(C) the Letter of Representation be approved;  
(E) the Audit Committee Chair and Chief Financial Officer be given delegated authority to resolve the outstanding issues relating to the Remuneration Report;  
Recommended – that subject to the issues noted above being satisfactorily resolved, the Annual Accounts for 2021/22 be presented to the Trust Board for approval.**

**NED  
CHAIR**

## **29/23 2021/22 ANNUAL REPORT AND ANNUAL GOVERNANCE STATEMENT**

The Director of Corporate and Legal Affairs presented the 2021/22 Annual report, which included the foreward from Trust Board Chair and Chief Executive. The documents would be finalised when the issues relating to remuneration, referenced earlier in the meeting, were resolved.

**Recommended – that, subject to amendments referenced above, the 2021/22 Annual Report and Annual Governance Statement be recommended to the Trust Board for approval.**

**NED  
CHAIR**

## **30/23 AUDIT COMMITTEE ANNUAL REPORT 2022-23**

The Audit Committee, Non-Executive Director, Chair, presented the annual report and review of effectiveness for the Audit Committee (paper C).

The Director of Corporate and Legal Affairs observed that in recent years the Committee had, by necessity, focussed on accounting issues. The review of effectiveness was reflective of this focus and that there would be a robust approach to reviewing the Board Assurance Framework, workplan and terms of reference going forwards. The Director would be meeting with the Audit Committee Chair to review the discrepancies in scoring. It was noted that attendees, as well as members of the Committee had been surveyed. The scores relating to 'unable to answer' probably reflected the relevance to those surveyed. It was agreed to reference this point in the report to the Trust Board.

**Recommended – That the report be submitted to the Trust Board.**

## **RESOLVED ITEMS**

### **31/23 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Mr S Harris, Non-Executive Director

### **32/23 QUORUM**

The meeting was confirmed to be quorate.

### **33/23 DECLARATIONS OF INTERESTS**

There were no declarations of interest.

### **34/23 MINUTES**

It was noted that the Minutes of the Audit Committee meeting held on 17 April 2023 would be submitted to the June meeting on 23 June 2023.

## 35/23 ITEMS FOR EXPLORATION

### 35/23/1 External Audit Report

Mr J Brown, KPMG, presented the External Auditor's Report on the 2021/22 accounts. The audit was sustainably complete with work outstanding in respect to financial statements audit; remuneration report pensions disclosures, FTE testing, disclosure notes and final reviews.

The External Auditor was expected to issue a qualified opinion on the 2021/22 accounts in response to two issues previously notified to Audit Committee. These were the effect of the prior year adverse opinion on the opening balances and current year operating expenditure, and the lack of controls regarding plant and equipment asset existence.

The External Audit Report recognised that the Trust was improving and moving to a position when the Audit Opinion would be unqualified.

Mr J Brown, KPMG, reported on the findings in relating to audit risk and noted that whilst there were a lot of adjustments the amounts were small, and had been actioned. The audit determined that there was no management bias. The report's appendix set out the misstatements and control deficiencies. The External Auditor intended to issue an unqualified Group Audit Assurance Certificate to the National Audit Office regarding the Whole of Government Accounts submission. This had been discussed with the National Audit Office which expected the audit outcome and was content with the planned timetable for the audit of 2023/23 accounts.

The Auditor would be sending a Letter of Representation to the Secretary of State to report on the duty of the Trust to break-even. This was in line with the Auditor's duty under Section 30(1) (a) of the Local Audit and Accountability Act 2014 (paper B2).

With respect to the Value for Money Audit, the previous Auditor had identified weakness regarding the Board Assurance Framework, Medium Term Financial Plan, contract management and procurement. Mr J Brown, KPMG, acknowledged the progress made and note that the Value for Money Audit would be conducted later in the year along with the audit of the 2022/23 Accounts. This approach had been agreed with NHSE and the National Audit Office. The Chief Financial Officer sought confirmation that NHSE had agreed to the Value for Money audit being undertaken at a later date. Mr R Walton, KPMG, suggested that the Chief Financial Officer may want to seek her own assurance from NHSE on the matter but that it was in line with guidance from the National Audit Office and similar NHS trusts.

The Audit Committee, Non-Executive Director, Chair asked whether the External Auditor was content with the Trust's Annual Report and Annual Governance Statement. This was confirmed, noting that changes had been made in response to their queries and subject to resolving the issues in the Remuneration Report.

Ms V Bailey, Non-Executive Director, asked what assurance the Committee could take from KPMG's internal review. Mr Brown noting that UHL's audit was seen as high risk, reported there had been a second partner review, second line defence team, technical reviews and various risk processes.

The Audit Committee, Non-Executive Director, Chair, thanked the external Auditor for its work and approach.

**Resolved – that the External Audit Report be received and submitted to the Trust Board.**

### 35/23/2 Board Assurance Framework – Risk 03 (material misstatements in the Trust's restated 2019/20 balance sheet)

The Chief Finance Officer presented the report recommending the closure of Risk no.3 on the Board Assurance Framework (paper D). The risk '*Material misstatements in the Trust's restated 2019/20 balance sheet, with implications for audit opinion on 2020/21 and future accounts*' had been addressed as demonstrated by the Audit of the 2021/22 Accounts. The

Chief Financial Officer was recommending that Finance Investment Committee close this risk and report to the Trust Board accordingly.

**Resolved** – to request Finance and Investment Committee approve 1) to reduce the current risk score in line with target score, and 2) the closure of risk on the BAF.

**36/23 ITEMS FOR NOTING**

None.

**37/23 ANY OTHER BUSINESS**

The Chief Financial Officer noted progress was being made on the 2022/23 Accounts but that the Trust was 24 hours behind with respect to the national deadline. NHSE had been advised and noted that this was due to the completion of the 2021/22 audit.

The Committee thanked the Chief Financial Officer, Deputy Director of Finance and the finance staff for the considerable work and progress with respect to accounts and financial governance.

**38/23 IDENTIFICATION OF ANY KEY ISSUES FOR THE ATTENTION OF THE TRUST BOARD**

**Resolved** – that (A) the following be recommended to the Trust Board for approval

- 2021/22 Accounts
  - 2021/22 Annual Report And Annual Governance Statement
- To be presented as stand-alone reports, and

(B) that the following be submitted to the Trust Board for information

- External Audit Report
- Audit Committee Annual Report 2022-23

AC NED  
CHAIR

**39/23 DATE OF NEXT MEETING**

**Resolved** – that the next Audit Committee meeting be held on Monday 23 June 2023 from 9 am. (virtually via MS Teams).

The meeting closed at 11.40 am

Alison Moss **Corporate and Committee Services Officer**

**Audit Committee Cumulative Record of Members' Attendance (2023/24 to date):**

**Members:**

Name	Possible	Actual	%
M Williams	2	2	100
V Bailey	2	2	100
S Harris	2	1	50
B Patel	2	2	100

**In attendance:**

Name	Possible	Actual	%
B Cassidy	2	2	100
L Hooper	2	2	100
S Linthwaite	2	2	100