

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

**DATE OF TRUST BOARD MEETING:** 2 June 2016

**COMMITTEE:** Audit Committee

**CHAIR:** Mr R Moore, Non-Executive Director

**DATE OF MEETING:** 25 May 2016

This report is provided for the Trust Board's information in the absence of the formal Minutes, and specifically concerns consideration of the Draft Annual Report and Annual Accounts 2015-16. All other items discussed at the Audit Committee meeting held on 25 May 2016 are detailed within a separate briefing sheet which features elsewhere on the Trust Board agenda. The formal Minutes of the 25 May 2016 Audit Committee meeting will be submitted to the Trust Board on 7 July 2016.

**SPECIFIC RECOMMENDATIONS FOR THE TRUST BOARD:**

**Draft Annual Report and Annual Accounts 2015-16:-**

- **Internal Audit Annual Report and Head of Internal Audit Opinion Statement 2015-16** – the Audit Committee welcomed the overall Internal Audit opinion of “Generally satisfactory with some improvements required”, noting that the same opinion had been provided for 2014-15. A summary of the key findings arising from Internal Audit reviews conducted throughout the year was provided in section 2 of paper K1 and this had been used to inform the draft Annual Governance Statement;
- **Draft Annual Report and Statutory Accounts 2015-16** – the Annual Report and Statutory Accounts were recommended for Trust Board approval on 2 June 2016. Particular discussion took place regarding the balance sheet adjustments to reflect the revaluation of the Trust's estate and the associated impairment charge. Clarity was provided that the revaluation had not impacted upon the Trust's income and expenditure deficit of £34.1m against the plan of £34.1m, nor had it impacted upon the PDC dividends payable for 2015-16. Noting that a revised version of the Annual Accounts had recently been issued, the Audit Committee Chair undertook to meet with the Chief Financial Officer (outside the meeting) to gain assurance that all of his previous points of clarity had been addressed (prior to the Trust Board's consideration);
- **Draft Annual Governance Statement 2015-16** – the Audit Committee recommended the Annual Governance Statement (as drafted in paper K3) for Trust Board approval on 2 June 2016;
- **ISA260 Audit Highlights Memorandum** – paper K4 outlined External Audit's intention to issue an unqualified audit opinion on the Statutory Accounts following the Audit Committee. External Audit representatives provided assurance that the adjusted treatment of VAT within the estate revaluation was appropriate and provided additional guidance on this aspect. Given the Trust's cumulative financial deficit over the last 3 financial years, a qualified conclusion would be provided on the Trust's Use of Resources and the Secretary of State would be notified formally (as was expected for many Trusts nationally). Appendix 2 provided a summary of unadjusted audit differences exceeding £250k and particular discussion took place regarding the different

methodology used by the Trust and Commissioners in calculating partially completed spells. Section 3 of paper K4 set out the detailed findings of value for money audit work and the qualified opinion to be provided for securing economy, efficiency and effectiveness for the Trust's use of resources;

- **Going Concern Statement 2016-17** – the Audit Committee recommended the Going Concern Statement for approval by the Trust Board on 2 June 2016;
- **Letter of Representation** – subject to an amendment to the Chief Financial Officer's job title (from Director of Finance and Business Services), the Audit Committee recommended the Letter of Representation for Trust Board approval on 2 June 2016.

**DATE OF NEXT COMMITTEE MEETING:** 7 July 2016.

Mr R Moore – Committee Chair