

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT BY TRUST BOARD COMMITTEE TO TRUST BOARD

DATE OF TRUST BOARD MEETING: 1 June 2017

COMMITTEE: Audit Committee

CHAIR: Mr R Moore, Non-Executive Director

DATE OF MEETING: 26 May 2017

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 2016-17. All other items discussed at the Audit Committee meeting held on 26 May 2017 are detailed within a separate briefing sheet which features elsewhere on the Trust Board agenda. The formal Minutes of the 26 May 2017 Audit Committee meeting will be submitted to the Trust Board on 6 July 2016.

SPECIFIC RECOMMENDATIONS FOR THE TRUST BOARD:

Draft Annual Report and Annual Accounts 2016-17:-

- **Going Concern Statement 2017-18 (paper D5)** – the Audit Committee recommended the Going Concern Statement for approval by the Trust Board on 1 June 2017, noting that a planned deficit of £27.2m (excluding impairments) had been delivered and accepted by NHS Improvement and that the position was backed by cash up to this value. The Audit Committee also considered the process improvements and additional cash requirements to reduce the debtor profile in 2017-18;
- **UHL Statutory Accounts 2016-17 (paper D2)** – the 2016-17 Statutory Accounts were recommended for Trust Board approval on 1 June 2017. Two of the four statutory targets had been met (External Financing Limit and Capital Resource Limit) and the year-end deficit of £27.2m reflected an adverse variance of £6.9m (excluding Sustainability and Transformation Funding). Section 4 of the Executive Summary for paper D2 set out the methodology for revaluation of the estate and the impairment charges associated with the new Emergency Floor development which had been handed over on 6 March 2017 for cleaning and staff training purposes, but which did not become operational until 26 April 2017;
- **Letter of Representation (paper D2)** – the Audit Committee recommended the draft Letter of Representation (as presented in appendix 2 to paper D2), for Trust Board approval on 1 June 2017;
- **ISA260 Audit Highlights Memorandum (paper D4)** – External Audit advised of their intention to issue an unqualified audit opinion on the Statutory Accounts following the Audit Committee, noting some presentational changes that had been agreed with the Finance Team, mainly to comply with the Department of Health Group Manual for Accounts. 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 per standard practice). Appendix 2 provided a summary of audit differences. Particular discussion took place regarding opportunities to implement an earlier validation process for asset valuations and the scope to review the assumptions prior to the year-end audit process in future years;

- **Internal Audit Annual Report and Head of Internal Audit Opinion Statement 2016-17 (paper D1)** – 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 2015-16. A summary of the key findings arising from Internal Audit reviews conducted throughout the year was provided on page 12 and this had been used to inform the draft Annual Governance Statement (paper D3 refers), and
- **Draft Annual Governance Statement 2016-17 (paper D3)** – subject to some presentational corrections highlighted by External Audit, the Audit Committee recommended the Annual Governance Statement for Trust Board approval on 1 June 2017.

DATE OF NEXT COMMITTEE MEETING: 6 July 2017

Mr R Moore
Audit Committee Chair

26 May 2017