

**UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST**

**REPORT TO: TRUST BOARD**

**DATE: 9<sup>TH</sup> OCTOBER 2008**

**REPORT FROM: JONATHAN SHUTER - ACTING DIRECTOR OF FINANCE  
AND PROCUREMENT**

**SUBJECT: 2007/08 ANNUAL AUDIT LETTER**

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**1. INTRODUCTION**

1.1. This report summarises the key issues identified in the Trust's 2007/08 Annual Audit Letter approved at the Audit Committee of the 16<sup>th</sup> September 2008 and the Trust's response to this.

**2. 2007/08 ANNUAL AUDIT LETTER**

2.1 The Annual Audit Letter summarises the key issues arising from the work carried out by the Trust's External Auditors, KPMG, during 2007/08. The main responsibility of KPMG is to carry out an audit that meets the requirements of the Audit Commission's Code of Audit, reviewing and reporting on:

- The Trust's Use of Resources
- The Trust's Financial Statements and the Statement of Internal Control

**3. SUMMARY OF MESSAGES AND FUTURE ISSUES**

3.1 The key findings in terms of the Trust's Use of Resources and Financial Statements are identified in the Annual Audit Letter (Appendix 1).

3.2 The key messages can be summarised as follows:

- That the Trust applies the lessons learnt from the PFI procurement process in developing its future estates strategy.
- An Auditor's Local Evaluation (ALE) action plan needs to be developed to address the issues identified resulting in the ALE score reducing from 3 (performing well) to 2 (adequate performance).
- That, for future senior management appointments, the Trust sets out its expectations of full disclosure of salary information.

3.3 The key future issues identified are as follows:

- The Trust needs to meet the International Financial Reporting Standards (IFRS) accounting requirements being adopted by the NHS.

- In line with its future Foundation Trust (FT) aspirations, the Trust should, alongside reviewing its governance arrangements and developing a plan to role out Service Line Reporting, establish a robust long term project plan that is subject to regular Trust Board scrutiny.

#### **4. TRUST RESPONSE**

##### **4.1 In response to the key messages and future issues, the Trust's response is as follows:**

- Expectations of salary disclosure will be set out in future senior management appointments.
- A longer term modular approach is being taken to developing and delivering the future clinical and estates strategy. This will be accompanied in due course by an FT project plan that is subject to regular Trust Board scrutiny.
- An ALE action plan is being submitted to the Trust Executive meeting on the 22<sup>nd</sup> October 2008 for approval. This will identify the timetable for delivery and key officer responsibility.
- The Trust has changed its governance arrangements by adopting a new Trust Board Committee Structure, with each Committee chaired by a Non Executive Director. This will ensure that the Trust embeds its assurance framework and strengthens risk management processes and enables the Trust Board to focus more fully on strategic issues.
- A full review of the implications of IFRS has been undertaken by the Finance Team, with an associated action plan completed for the DoH conversion timetable.

#### **5. CONCLUSION**

- 5.1 The Trust Board is asked to note the key issues identified in the 2007/08 Annual Audit Letter and the Trust's response to ensure these are addressed.

**JONATHAN SHUTER  
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