

SUMMARY REPORT		South Tees Hospitals  NHS Foundation Trust
Board of Directors		Date of meeting 26 May 2015
Subject	Extract from the unconfirmed minutes from an audit committee meeting held on 20 May 2015	
Prepared by	Mr David Kirby Audit Committee Chairman / Non Executive Director	
Approved by	Audit Committee members	
Presented by	Mr David Kirby	
Name of meeting considered/approved by	To be presented to Audit Committee for approval on 20 August 2015.	

Purpose The purpose of this report is to inform Board members of the debate held at a recent audit committee.	Decision	●
	Approval	
	Information	●
	Assurance	●

Executive Summary
The Annual Financial Statements were discussed.

Next Steps
The Board of Directors is recommended to adopt the annual accounts for the year 2014/15.

Supports Trust Strategy Map in the following areas							
quality & patient safety		business sustainability		operational excellence		organisational capability	
deliver integrated care		improved cost control	●	improved patient flow		improved information	●
forefront of clinical innovation		increased productivity	●	improved innovation processes	●	continuous service improvement culture	●
specialised services development		increased revenue & market share		strong governance & risk management	●	workforce development	
service quality and safety	●	enhanced services	●			strong partnerships & engagement	●

If a key risk(s) has been identified, please describe below

**SUMMARY EXTRACT FROM THE
UNCONFIRMED MINUTES
OF THE AUDIT COMMITTEE MEETING
HELD ON WEDNESDAY 20 MAY 2015
AT 9:30 AM
IN THE BOARD ROOM,
THE JAMES COOK UNIVERSITY HOSPITAL**

PRESENT

- | | | |
|---------------|---|--|
| Mr D Kirby | - | Non-Executive Director (Committee Chair) |
| Mrs A Hullick | - | Non-Executive Director |
| Mr J Smith | - | Non-Executive Director |

IN ATTENDANCE

- | | | |
|------------------|---|--|
| Miss K Douglas | - | Senior Manager – PwC |
| Miss Y Dunleavy | - | Senior Secretary |
| Mr S Fallowfield | - | Assistant Director of Audit – Audit North <i>(part of meeting)</i> |
| Mrs S McMaster | - | Senior Administration Officer |
| Ms R James | - | Director of Quality |
| Mr C Newton | - | Director of finance and Performance |
| Mrs M Pratt | - | Financial Improvement Director |
| Mr B Simpson | - | Financial Services Manager |
| Mr G Wilson | - | Partner - PwC |

APOLOGIES FOR ABSENCE

Professor Hart, Chief Executive; Mr H Lang, Non-executive director; Mrs C Parnell, Director of Communication & Engagement

ANNUAL FINANCIAL STATEMENTS 2014/15

The committee considered the following reports:

- Internal Audit Annual Report 2014/15 and Head of Internal Audit Opinion
- Annual Governance Statement 2014/15
- ISA260 – Audit Completion Report 2014/15
- Going Concern
- Review of Annual Financial Statements including a full set of accounts

Internal Audit Annual Report 2014/15 and Head of Internal Audit Opinion

The purpose of the internal audit draft annual report (including draft Head of Internal Audit Opinion), was to contribute to the assurances available to the Accounting Officer and the Board, which underpin the Board's own assessment of the effectiveness of the organisation's system of internal control. This opinion would in turn assist the Board in the completion of the Annual Governance Statement.

The committee received the content of the Audit North Annual Report 2014/15, and noted that Audit North's overall opinion was that significant assurance could be given that there was a generally sound system of internal control, designed to meet the organisation's objectives.

**Report to those charged with governance
Report to the Audit Committee on the audit for the year ended 31 March 2015
(ISA (UK&I) 260)**

This report was presented to inform the Audit Committee of the significant findings from PwC's audit of the Trust for the financial year 2014/15.

The audit report detailed:

- The status of the external audit work to date;
- The audit approach;
- The significant risks identified in PwC's audit plan and the audit approach they took to address them;
- Significant audit and accounting matters that the Audit Committee needed to be aware of;
- Internal control findings (for the final audit visit and previously); and
- An update of PwC's audit fees.

The report also included a summary of uncorrected misstatements, the draft management representation letter and the draft audit opinion.

This report was in draft format and would be finalised and re-circulated to the Audit Committee members on completion of the audit work.

It was noted that PwC were proposing to issue an unqualified opinion on the final accounts.

The Committee had previously been updated on the final accounts position at its briefing. It was noted that subject to one recent amendment of £500,000, in respect of the treatment of impairments between income and expenditure and the revaluation reserve, that the accounts reflected the position previously reported to the Board, and were assured by the Head of Internal Audit Opinion and the proposed unqualified opinion to be issued by External Audit.

Accordingly the Committee agreed to recommend to the Board adoption of the accounts for 2014/15.