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# Central London Community Healthcare NHS Trust

Annual Audit Letter 2012-13

July 2013



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This report is addressed to Central London Community Healthcare NHS Trust (the Trust) and has been prepared for the sole use of the Trust. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission has issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies. This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. We draw your attention to this document.

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Tamas Wood who is the engagement lead to the Trust or Trevor Rees, the national contact partner for all of KPMG's work with the Audit Commission. After this, if you are still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. You can contact the Complaints Unit by phone (0844 798 3131), by email (complaints@audit-commission.gov.uk), through the audit commission website (www.audit-commission.gov.uk/aboutus/contactus), by textphone/minicom (020 7630 0421), or via post to Complaints Unit Manager, Audit Commission, Westward House, Lime Kiln Close, Stoke Gifford, Bristol, BS34 8SR.

## Background

This Annual Audit Letter (the letter) summarises the key issues arising from our 2012-13 audit at Central London Community Healthcare NHS Trust (the Trust). Although this letter is addressed to the directors of the Trust, it is also intended to communicate these issues to external stakeholders, such as members of the public. It is the responsibility of the Trust to publish the letter on the Trust's website.

In the letter we highlight areas of good performance and also provide recommendations to help the Trust improve performance. We have reported all the issues in this letter to the Trust during the year and we have provided a list of our reports in Appendix A.

## Scope of our audit

The statutory responsibilities and powers of appointed auditors are set out in the Audit Commission Act 1998. Our main responsibility is to carry out an audit that meets the requirements of the Audit Commission's Code of Audit Practice (the Code) which requires us to report on:

<b>Use of Resources (UoR)</b>	We conclude on the arrangements in place for securing economy, efficiency and effectiveness (value for money) in the Trust's use of resources.
<b>Financial Statements including the Annual Governance Statement</b>	<p>We provide an opinion on the Trust's accounts. That is whether we believe the accounts give a true and fair view of the financial affairs of the Trust and of the income and expenditure recorded during the year.</p> <p>We also confirm that the Trust has complied with the Department of Health (DoH) requirements in the preparation of its Annual Governance Statement. We provide a certification to the National Audit Office (NAO) to provide assurance on inputs to the DoH's Resource Accounts. We also confirm that the balances you have prepared for consolidation into the Whole of Government Accounts (WGA) are not inconsistent with our other work.</p>

## Adding value from the External Audit service

We have added value to the Trust from our service throughout the year through our:

- attendance at meetings with members of the Executive Team and Audit Committee to present our audit findings, broaden our knowledge of the Trust and to provide insight from sector developments and examples of best practice; and
- proactive and pragmatic approach to issues arising in the production of the financial statements to ensure that our opinion is delivered on time, including forming an early view on working papers prepared in support of the redundancy provision.



## Introduction (cont.)

### Fees

Our fee for 2012/13 was £66,000 excluding VAT (2011/12: £110,000). This was in line with the fee agreed at the start of the year with the Trust's board.

We have also completed the following pieces of work at the Trust during the year:

#### Redundancy reviews

We provided audit opinions on two high value (greater than £100,000) redundancy payments made during 2012/13. In both instances we concluded that we would not be minded to challenge the proposed severance payment.

The fee for this work was £4,716 excluding VAT.

### Acknowledgement

We would like to take this opportunity to thank the officers of the Trust for their support throughout the year.

This section summarises the key messages from our work during 2012-13.

<p><b>Overall financial results and other key messages</b></p>	<ul style="list-style-type: none"> <li>■ The Trust has achieved its core financial performance targets for 2012/13. The Trust has achieved breakeven, with an in-year surplus of £1,886,000. There was an undershoot of the external financing requirement of £34,000 and an underspend against the capital resource limit of £179,000.</li> <li>■ These financial targets were achieved in part due to the identification and achievement of £10.7m of savings. The savings target for 2013/14 is £11.6 million of which £11.3 million had been identified at the end of June 2013. The Trust recognises that efficiencies will continue to be required and will become more difficult to identify and has enhanced procedures to identify savings in future years.</li> <li>■ The Trust has missed some milestones in the original Foundation Trust application but is in the process of agreeing a revised timeline, including commencement of HDD2. The Trust is currently expecting to achieve Foundation Trust status in 2014.</li> </ul>
<p><b>Use of Resources</b></p>	<ul style="list-style-type: none"> <li>■ Based on the findings of our work, we concluded that the Trust has adequate arrangements to secure economy, efficiency and effectiveness in the use of resources.</li> <li>■ Example of these arrangements included achievement of financial targets, processes for identification and achievement of saving plans, transparent financial reporting linked to performance reporting, work to understand the Trust's unit costs, and reconfiguration of services in partnership with Local Authorities.</li> </ul>
<p><b>Financial Statements including the Annual Governance Statement</b></p>	<ul style="list-style-type: none"> <li>■ We issued an unqualified audit opinion on the financial statements. Our key finding was that there was one unadjusted audit difference relating to redundancy provisions. Although the Trust did not adjust the financial statements to reflect this difference, the total difference was not material to the overall reported financial position. We agreed other non-material and presentational changes to the financial statements with Finance, all of which were made.</li> <li>■ Overall, the quality of the financial statements provided for audit was good. The Trust produces good quality working papers and responds to audit queries promptly.</li> <li>■ No adjustments were required to the Annual Governance Statement.</li> </ul>

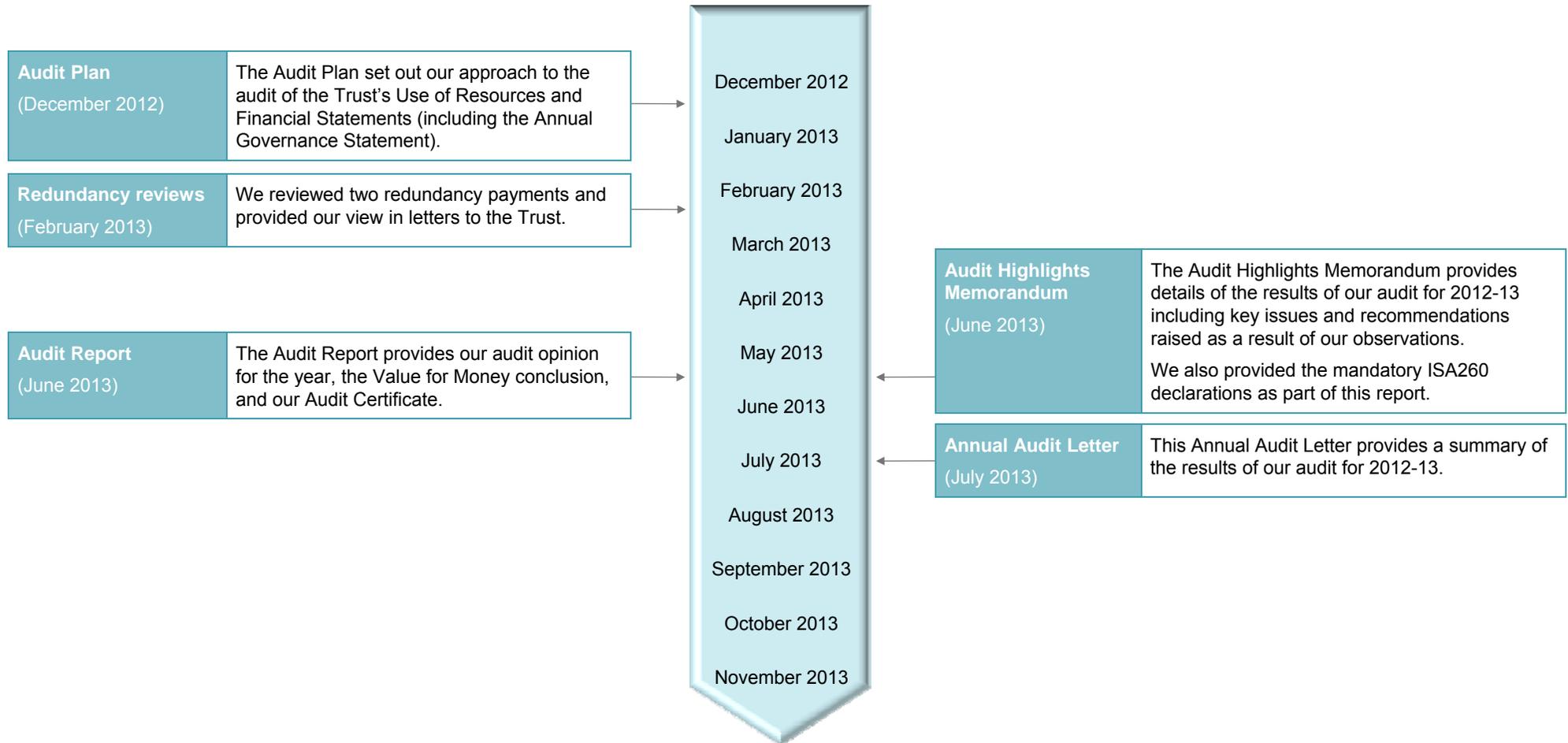


## Headlines (cont.)

<b>Whole of Government Accounts</b>	<ul style="list-style-type: none"><li>■ We issued an unqualified Group Audit Assurance Certificate to the National Audit Office regarding the Whole of Government accounts submission with no exceptions.</li></ul>
<b>Recommendations</b>	<ul style="list-style-type: none"><li>■ We are pleased to report that there are no high risk recommendations arising from our 2012-13 audit work. We raised three medium risk and one low risk recommendations in our ISA260 Audit Highlights Memorandum.</li><li>■ The Trust has been good at implementing agreed audit recommendations from prior years. We reviewed the recommendations made by the previous external auditors, the Audit Commission, and concluded they have all been implemented.</li></ul>
<b>Public Interest Reporting</b>	<ul style="list-style-type: none"><li>■ We have a responsibility to consider whether there is a need to issue a public interest report or whether there are any issues which require referral to the Secretary of State. We did not issue a report in the public interest or refer any matters to the Secretary of State in 2012-13.</li></ul>



## Appendix A Summary of our reports issued





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