

EAST KENT HOSPITALS UNIVERSITY NHS FOUNDATION TRUST

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| REPORT TO: | COUNCIL OF GOVERNORS – 10 MARCH 2014 |
| SUBJECT: | REPORT FROM THE AUDIT WORKING GROUP |
| REPORT FROM: | COMMITTEE CHAIR |
| PURPOSE: | Information/Discussion |

SUMMARY OF COMMITTEE ACTIVITY:

The Audit Working Group met on 18 February 2014 to review the Audit plan of the Trust's external auditors.

In addition, the Group received proposed Governor training material for comment.

SUMMARY OF THE COMMITTEE'S FUTURE WORK PLANS:

KPMG took the Group through its audit plan and outlined the work that will be completed on behalf of the Trust for 2013/14 and the work that will be required of them to deliver. The plan was contextualised in terms of the wider public sector and the objective of the audit was understood by the Group.

KPMG also took the Group through their evaluation of risk and explained to the reasons behind areas were reporting as 'red'. The Group can confirm it was satisfied of the rationale behind these areas:

- Valuation of non-current assets (red): This reported as red by KPMG due a change in approach as reflected in the governing accounting policy.
- Delivery of the £30m CIP target (red): This was reported as red due to the continuing challenges to achieve increasingly stringent targets.

The Group also discussed some of the areas reporting as 'amber' and can confirm it was satisfied of the rationale.

KPMG explained that the from this year where a Foundation Trust had operational control of a charity (as with EKHUFT) the parent company would be required to publish consolidated accounts. The Charity Commission had been satisfied that charities would not disadvantaged by this change. The Group was reminded that KPMG were appointed auditors for the East Kent Hospitals Charity.

KPMG explained the importance of maintaining their independence whilst undertaking work on behalf of the Trust. This was particularly important in terms of joint ventures.

The Group was in support of the training materials proposed by KPMG but suggested that consideration be given to building on the layers of experience that already existed within the Council. In addition, it was suggested that an explanation of accounting terminology would be useful. A further suggestion was made to KPMG to review the FTN Governwell programme material.

The Council of Governors had established a 'Governor Roles document' and this had been forwarded to KPMG for information.

KPMG would be refining the training material and would share with the Chairman for his comments and to discuss a timeline for delivery to the Council.

COUNCIL OF GOVERNORS ACTION REQUIRED:

To note the report.