



# Annual Audit Letter 2015-16

Bradford District Care NHS Trust (one month ended 30 April 2015)

July 2016

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This report is addressed to Bradford District Care 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.

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.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Rashpal Khangura, the engagement lead to the Trust, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers (on 0207 6948981, or by email to [andrew.sayers@kpmg.co.uk](mailto:andrew.sayers@kpmg.co.uk)). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing [generalenquiries@psaa.co.uk](mailto:generalenquiries@psaa.co.uk), by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.



# Introduction

# Introduction

## Background

Bradford District Care NHS Trust (the Trust) became a Foundation Trust on 01 May 2015. This Annual Audit Letter (the letter) summarises the key issues arising from our audit of the one month accounts (ending 30 April 2015) at 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 at [www.bdct.nhs.uk](http://www.bdct.nhs.uk).

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 Local Audit and Accountability Act 2014. Our main responsibility is to carry out an audit that meets the requirements of the National Audit Office's Code of Audit Practice (the Code) which requires us to report on:

<b>Financial Statements including the Annual Governance Statement</b>	<p>We provide an opinion on the Trust's one month 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 period.</p> <p>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>
<b>Use of Resources (UoR)</b>	<p>The Trust became a Foundation Trust on 1 May 2015, we are therefore not required to issue a Use of Resources opinion for the one month period relating to the Trust.</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
- A proactive and pragmatic approach to issues arising in the production of the financial statements to ensure that our opinion is delivered on time.

## Fees

Our fee for the audit of the one month financial statements was £25,650 plus VAT (£57,000 in 2014/15). This fee was set by PSAA Ltd and in line with that highlighted within our audit fee letter issued in May 2015.

## Acknowledgement

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



# Headlines

# Headlines (cont.)

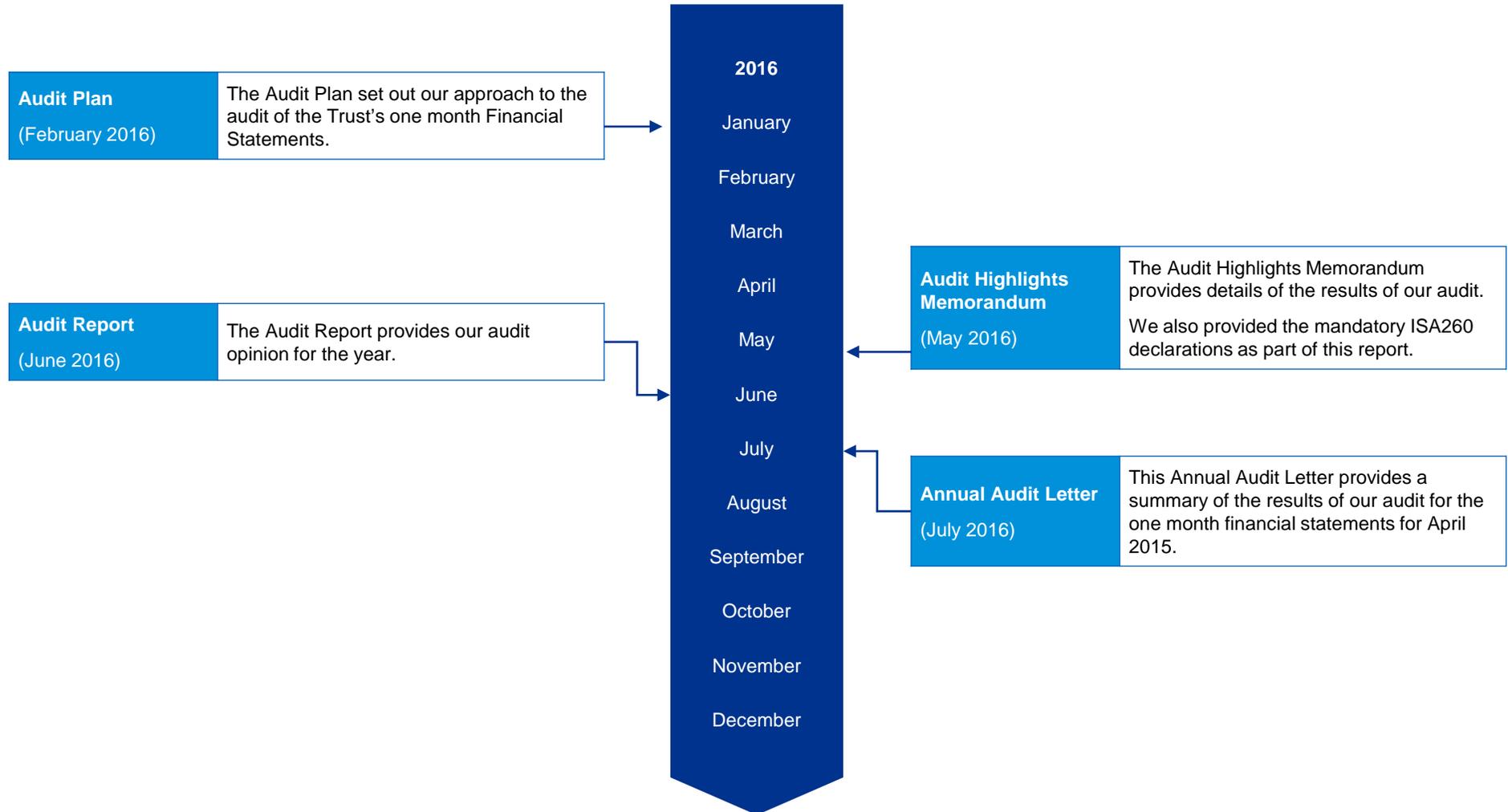
<b>Financial Statements audit opinion</b>	<p>We have issued an unqualified audit opinion on the accounts following the Audit Committee on 24 May and Trust Board on 26 May, and receipt of the management representations letter.</p> <p>We have completed our audit of the financial statements. The Trust agreed with the Trust Development Authority that an Annual Report was not needed for this period, therefore our work has just focused on the audit of the one month financial statements. Our key findings are:</p> <ul style="list-style-type: none"> <li>• There are no adjusted or unadjusted audit differences.</li> <li>• We asked for management representations over the standard areas such as going concern, related parties and fraud. There are no additional requests.</li> </ul>
<b>Financial statements audit work undertaken</b>	<p>We are required to apply the concept of materiality in planning and performing our audit. We are required to plan our audit to determine with reasonable confidence whether or not the financial statements are free from material misstatement. An omission or misstatement is regarded as material if it would reasonably influence the user of financial statements. Our materiality for the one month audit was £0.2m (2014/15 full year: £2.6m).</p> <p>We did not identify any Trust-specific risks of material misstatement for the one month financial statements as part of our External Audit Plan 2015/16. Professional standards however require us to consider the following two risks:</p> <ul style="list-style-type: none"> <li>— <i>Fraud risk from revenue recognition</i> - Professional standards require us to make a rebuttable presumption that the fraud risk from revenue recognition is a significant risk. As reported in our audit plan, we do not consider the fraud risk from revenue recognition to be a significant audit opinion risk for Bradford District Care NHS Trust. We have no issues to highlight from this work.</li> <li>— <i>Fraud risk from management override of controls</i> - Professional standards require us to communicate the fraud risk from management override of controls as significant because management is typically in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We carried out controls testing and substantive procedures, including those over journal entries, accounting estimates and significant transactions that are outside the Trust's normal course of business, or are otherwise unusual. We have no issues to highlight from this work.</li> </ul>
<b>Whole of Government Accounts</b>	<p>We have issued an unqualified Group Audit Assurance Certificate to the NAO regarding the Whole of Government Accounts submission, made through the submission of the summarisation schedules to Department of Health.</p>
<b>Recommendations</b>	<p>We are pleased to report that there were no recommendations arising from our audit of the one month accounts.</p>
<b>Public Interest Reporting</b>	<p>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 2015-16.</p>



# Appendices

## Appendix A

# Summary of our reports issued





The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

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