

Board of Directors – Meeting held in Public

10 November 2022

Paper title:	Approval of the 2021/22 Charity Annual Accounts and Annual Report	Agenda Item 19
Presented by:	Mike Woodhead, Director of Finance, Contracting and Estates	
Prepared by:	Stacey Pearson, Head of Financial Accounting & Capital	
Committees where content has been discussed previously	Audit Committee, 6 th October 2022 Charitable Funds Committee, 27 th October 2022	
Purpose of the paper Please check <u>ONE</u> box only:	<input checked="" type="checkbox"/> For approval <input type="checkbox"/> For information <input type="checkbox"/> For discussion	
Link to Trust Strategic Vision Please check <u>ALL</u> that apply	<input checked="" type="checkbox"/> Providing excellent quality services and seamless access <input checked="" type="checkbox"/> Creating the best place to work <input checked="" type="checkbox"/> Supporting people to live to their fullest potential <input checked="" type="checkbox"/> Financial sustainability, growth and innovation <input checked="" type="checkbox"/> Governance and well-led	
Care Quality Commission domains Please check <u>ALL</u> that apply	<input type="checkbox"/> Safe <input type="checkbox"/> Caring <input type="checkbox"/> Effective <input checked="" type="checkbox"/> Well-Led <input type="checkbox"/> Responsive	

Purpose of the report
<p>The purpose of this paper is to provide the Board with the charities audited Annual Accounts and Annual Report for 2021/22, for review and approval. The audited Annual Accounts and Annual Report for 2021/22 are attached.</p> <p>The Charities audited Annual Accounts and Annual Report for 2021/22 were presented for information and review at the Audit Committee on the 6th October 2022. The Audit Committee were asked to approve that the Audit Chair be given delegated authority to adopt the 2021/22 charitable funds accounts and annual report, subject to there being no material audit adjustments required as part of the KPMG audit. The draft ISA260 confirms this.</p> <p>The Charitable Funds Committee held on the 27th October 2002 and the Audit Committee adopted the accounts and the annual report, subject to final approval by the Board.</p>

Executive Summary

The 2021/22 charitable funds accounts and annual report have been prepared using the revised Charity Commission templates.

KPMG have audited the draft accounts and annual report and the draft letter of representation, and draft ISA260 highlights (Audit Highlights Memo) report are also attached.

The key findings from the external audit review for the annual accounts are as follows;

- KPMG intend to issue an unqualified opinion on the accounts, once the Audit Committee and Board have adopted them and signed the representation letter,
- No significant accounting issues arose during the course of the audit,
- No material mis-statements,
- No adjusted or unadjusted audit differences,
- No recommendations arising from the audit.

A summary of amendments from the draft to audited accounts and annual report are minimal;

Annual Accounts:

- **SOFA** – amendment to the title ‘*Donations and legacies*’ to now read ‘*Donations and legacies (including Gift Aid)*’.
- **SOFA** – blank rows have been removed.
- **Rounding’s** - minimal changes in value rounding’s between the main statements and the supporting notes.
- **Note 16** – included narrative as follows; In its meeting held on 28 July 2022, Charitable Funds Committee gave approval for change in the name of the charity as 'Better Lives NHS'.

Annual Report:

Small change in wording within the ‘Statement of Trustees’ responsibilities in respect of the Trustees’ annual report and the financial statements’

Draft Accounts	Audited Accounts
The financial statements are required by law to give a true and fair view of the state of affairs of the charity and of the excess of expenditure over income for that period.	The financial statements are required by law to give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources for that period.
They are responsible for keeping proper accounting records, sufficient to disclose at any time	They are responsible for keeping accounting records which are sufficient to show and explain the charity’s transactions and disclose at any time

The final audit opinion and ISA260 will be issued by KPMG when the accounts have also been approved by the Board on the 10th November and the Letter of Representation has also been signed on this date.

The annual submission for the charity will be completed on the Charity Commission website following approval from the Board.

The submission to the Charities Commission must be made no later than 31st January 2023.

- Appendix A** – 2021/22 Charity Annual Accounts,
- Appendix B** – 2021/22 Charity Annual Report,
- Appendix C** – Letter of Representation,
- Appendix D** – Draft ISA260 (Audit Highlights Memo)

Do the recommendations in this paper have any impact upon the requirements of the protected groups identified by the Equality Act?

Yes

No

Recommendation(s)

The Board of Directors is asked to:

- **Note** the draft ISA260 as having been discussed and agreed at the Charitable Funds Committee and Audit Committee.
- **Note** the Charitable Fund Committee held on the 27th October and the Audit Committee Chair, approved the audited Charitable Funds Annual Accounts and Annual Report 2021/22.
- **Note** the final audit opinion issued by KPMG will be an unqualified opinion on the accounts
- Receive the recommendation from Audit Committee and Charitable Funds Committee on the Charities audited Annual Accounts and Annual Report for 2021/22, for the Board to **approve their adoption** prior to the submission to the Charity Commission by 31st January 2023.
- **Sign** the Letter of Representation, dated the 10th November 2022.

Relationship to the Board Assurance Framework (BAF)

The work contained with this report links to the following strategic risks as identified in the BAF:

- SO1:** Engaging with our patients, service users and wider community to ensure they are equal partners in care delivery (QSC)
- SO2:** Prioritising our people, ensuring they have the tools, skills and right environment to be effective leaders with a culture that is open, compassionate, improvement-focused and inclusive culture (WEC)
- SO3:** Maximising the potential of services to delivery outstanding care to our communities (QSC)
- SO4:** Collaborating to drive innovation and transformation, enabling us to deliver against local and national ambitions (Board)

<input checked="" type="checkbox"/> SO5: To make effective use of our resources to ensure services are environmentally and financially sustainable and resilient (FBIC) <input type="checkbox"/> SO6: To make progress in implementing our digital strategy to support our ambition to become a digital leader in the NHS (FBIC)	
Links to the Strategic Organisational Risk register (SORR)	<p>The work contained with this report links to the following corporate risks as identified in the SORR:</p> <ul style="list-style-type: none"> • Risk 2536: If we do not make effective use of our resources this may result in regulatory interventions, as well as impacts on quality of services
Compliance & regulatory implications	<p>The following compliance and regulatory implications have been identified as a result of the work outlined in this report:</p> <ul style="list-style-type: none"> • Charities must prepare their accounts on the accrual's basis in accordance with the SORP. The charity's financial position at the end of the year should show all incoming resources, and resources expended during the year. These accounts are required to show a 'true and fair view'. • The use of resources from the charity must be expended in line with governance arrangements set out by the Charity Commission.

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Audited Charitable Funds Annual Accounts and Annual Report 2021/22

1. Introduction

The purpose of this paper is to provide the Charitable Funds Committee with the charities audited Annual Accounts and Annual Report for 2021/22, for review and approval.

The 2020/21 charitable funds accounts and annual report have been prepared using the revised Charity Commission templates.

KPMG have audited the draft accounts and annual report and the draft letter of representation and draft ISA260 highlights report are attached.

The 2021/22 charitable funds accounts and annual report were presented for information and review at the Audit Committee on the 6th October 2022. The Audit Committee were asked to approve that the Audit Chair be given delegated authority to adopt the 2021/22 charitable funds accounts and annual report, subject to there being no material audit adjustments required as part of the KPMG audit. The draft ISA260 confirms this.

The final audit opinion and ISA260 will be issued by KPMG when the accounts have also been approved by the Board on the 10th November and the Letter of Representation has also been signed on that date.

The annual submission for the charity will be completed on the Charity Commission website following approval from the Board.

The submission to the Charities Commission must be made no later than 31st January 2023.

2. Submission Requirements for the Charity.

Charities must prepare accounts and a Trustees' annual report and make them available to the Charity Commission on request. Where registered charities have a gross yearly income that exceeds £25,000, they must submit their annual report and accounts to the Charity Commission.

Independent Examination:

Except for NHS charities, only those charities with gross income of more than £25,000 in their financial year are required to have their accounts independently examined or audited.

3. Annual Accounts & Annual Report for the Charity

The template used to produce the annual accounts for the charity, is the recommended template issued by the Charity Commission. The charity has used the same accounts pro-forma since adopting the FRS102 in 2016/17. KPMG also approved the template has been acceptable for the existing size of the charity.

The template used to produce the annual report for the charity, has been previously approved by both external audit and the Charitable Fund Committee. The structure of the report has remained consistent with previous years and meets the legal requirements in relation to its content for smaller charities. Smaller charities are those where gross income does not exceed £250,000. For smaller charities the annual report must include the following:

- Reference and administrative details of the charity, its trustees and advisers, Structure, governance and management,
- A financial review,
- Funds held as custodian trustee on behalf of others (NA),
- Public benefit statement – a statement the charity trustees have complied with their duty,
- Dated and signed by one or more trustees.

Stacey Pearson
Head of Financial Accounting & Capital
31 October 2022