

**The Shrewsbury and Telford Hospital NHS Trust**

Trust Board – 9 June 2011

**ADOPTION OF 2010/11 ANNUAL ACCOUNTS**

|                          |   |
|--------------------------|---|
| <b>Executive Lead</b>    | Neil Nisbet, Finance Director   |
| <b>Author</b>            | Chris Benham, Assistant Director Financial Accounting   |
| <b>Executive Summary</b> | <p>The Trust is required to formally sign off its annual accounts for 2010/11 in advance of the issue of the Audit Opinion.</p> <p>In addition, the Board is required to make certain management representations to provide assurance that the accounts have been accurately prepared in accordance with all relevant standards and requirements.</p> |
| <b>Recommendations</b>   | <p>The Trust Board is asked to :</p> <ul style="list-style-type: none"><li>• Adopt the Annual Accounts for 2010/11</li><li>• Approve the wording of the Management Representations letter for 2010/11.</li><li>• Note that the formal Audit opinion on the accounts will be issued following completion of the above.</li></ul>                       |

## **Audited Annual Accounts**

The full set of annual accounts for 2010/11 are attached to this note. These accounts have been considered and discussed in detail at a special meeting of the Audit Committee held on the 12 May 2011.

## **Management Representations Letter**

Auditors are required to obtain written confirmation of 'appropriate representations' from management (the Trust Board) on certain matters that will be material to the overall opinion given. In particular, the Trust is required to provide assurances that Directors acknowledge their collective responsibility for the preparation of final accounts and that they have made all the necessary declarations. Trust Boards are therefore required to approve a suitably worded Management Representations letter before the formal audit opinion can be given.

## **Audit Opinion**

Auditing standards preclude auditors from expressing an opinion on the financial statements until they have been approved by Directors. They must communicate 'to those charged with governance' (deemed to be the Audit Committee in the case of NHS Trusts) a number of specific issues, notably:

- Any proposed non standard wording to the opinion
- Any material weaknesses in internal control
- Any unadjusted 'non-trifling' misstatements; and
- Any qualitative aspects of financial reporting

In practice, this means that the auditor produces a formal memorandum at the conclusion of the audit setting out details on each of the above (if applicable), including a request for any unadjusted misstatements to be amended. This memorandum was presented by KPMG to the Audit Committee at its meeting of the 9 June 2011 (prior to this Board meeting).

## **Accounts adoption**

The Trust Board is expected to adopt the accounts after the auditors memorandum has been presented to the Audit Committee but before the submission deadline for the accounts of 10 June 2011.

## **Accounts sign off**

The accounts are required to be signed off by the Chief Executive and the Finance Director following adoption. Any colour ink may be used other than black.