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Our ref SATH Trust
AAL/201415

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To the Directors of The Shrewsbury and Telford Hospital NHS Trust

Annual Audit Letter 2014/15

We are pleased to submit our annual audit letter which summarises the key issues arising from the 2014/15 audit of The Shrewsbury and Telford Hospital NHS Trust ("the Trust"). Although this letter is addressed to the Directors of the Trust it is also intended to communicate the issues arising from the audit of the Trust to external stakeholders, such as members of the public. It is the responsibility of the Trust to publish this letter on the Trust's website. A copy of this Letter will be published on the PSAA's website at <http://www.psa.co.uk/audit-reports/annual-audit-letters/>

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"). Although the Audit Commission formally closed at the end of March 2015¹, the Audit Commission Act and Audit Commission's Code of Audit Practice remain applicable to 2014/15 audits.

On 4 June 2015 we presented our ISA 260 Report to Those Charged with Governance (ISA 260 Report) to the Audit Committee. This summarised our conclusions from the 2014/15 audit and outlined our auditor responsibilities under statute and the Code. Following the presentation of our ISA 260 Report to the Audit Committee we have issued:

- an unqualified opinion on the Trust's 2014/15 financial statements on 4 June 2015 meeting the Department of Health's deadline of 5 June;

¹ Following the closure of the Audit Commission, the National Audit Office is now responsible for producing and maintaining the Code of Audit Practice and providing supporting guidance to auditors. Further, from 1 April 2015, Public Sector Audit Appointments Limited (PSAA), an independent company established by the Local Government Association, is overseeing the management of the Audit Commission's audit contracts until they end in 2017, or 2020 if they are extended.

- a qualified conclusion paragraph in relation to use of resources due to the Trust's financial resilience primarily the delivery of a deficit of £12.1m for 2014/15 and forecasting a deficit of £17.2m in 2015/16. In addition, the Trust failed to achieve a number of national indicator targets particularly in respect of the 4 hour waiting time target for patients presenting at the Trust's Accident and Emergency Department; and
- an unqualified Group Audit Assurance Certificate to the National Audit Office regarding the Whole of Government accounts submission with no exceptions.

Quality Accounts

At the Audit Committee on 4 June 2015 we reported the draft findings of our mandated work in regard to the Trust's Quality Accounts. The main conclusions can be summarised as:

- The Trust achieved a limited assurance opinion on compliance with the Quality Accounts Regulations.
- The Trust achieved a limited assurance opinion on consistency with other specified information.
- The Trust achieved a limited assurance opinion on the indicators in the quality account.

Public Interest Reporting

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 have reported the following issue to the Secretary of State:

- We made a previous referral under Section 19 of the Audit Commission Act 1998 to the Secretary of State firstly on 19 July 2012 due to the Trust's failure to achieve its cumulative breakeven duty at 31 March 2012. The Trust continues to be in breach of its breakeven duty at 31 March 2015 with a cumulative deficit of £34.078m reported. We have therefore reported this continued breach to the Secretary of State.

Key findings

The Trust has generally sound processes in place for the production of the accounts and in relation to use of resources. We raised two medium priority recommendation in relation to the annual report not being available during the audit and weaknesses in the Trust's inventory system. These are detailed within our ISA260 Report

Fees

Our fee for the 2014/15 external audit was £126,613 excluding VAT. This included £10,000 for our review of the Trust's Quality Accounts. This was in line with the fee agreed at the start of the year with the Trust's Audit Committee.

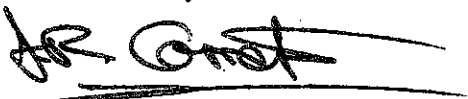
We provided additional non audit services to the Trust in the year in relation to advice on the value for money of a severance payment (fee £2,080) and a review of the mapping of stroke rehabilitation services (fee £19,955).

Closing remarks

I have discussed and agreed this letter with the Director of Finance of the Trust and confirmed that all Directors of the Trust have received a copy. I would like to thank the finance team, the Directors and the Audit Committee for their support and co-operation throughout the 2014/15 audit.

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 please let me know. 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, Trevor Rees (on 0161 246 4000, or by email to trevor.rees@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, by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3H.

Yours sincerely



John Cornett
Director
KPMG LLP