

Appendix 3

University Hospitals of Leicester NHS TrustAudit of Accounts 2019/20Statutory Recommendations

	External Auditor Recommendation	UHL Response
1.	The Trust Board should seek to create a culture that is focussed on accurate financial reporting. In particular, the Board should discourage the use of aggressive accounting policies and practices and should provide appropriate challenge of management.	<p>The Trust Board is to undergo a programme of development, externally facilitated, with particular emphasis on the financial aspects of the Board's responsibilities. Specifically, the programme will focus on:</p> <ul style="list-style-type: none"> • Reviewing the responsibilities of unitary Board members, emphasising that all are accountable in relation to the financial performance of the Trust; • The provision of specific financial analysis training, tailored to individual Board member experience and need; • A programme of support for Non Executive Directors in how to effectively scrutinise and challenge within a unitary Board environment; • The provision of training and guidance for Executives focussing on their corporate Director role for challenging financial performance and reporting.
2.	The Trust Board should finalise and publish its Annual Governance Statement at the earliest opportunity.	The annual governance statement will be finalised and published alongside the annual accounts 2019/20, once finalised.

3.	<p>The finance and other management teams involved in finance should receive accounting, governance and ethics training to ensure that they are clear on the appropriate accounting practices and the governance standards required by the Trust Board.</p>	<p>The Trust will provide organisational wide budget/financial training/governance programmes for all budget holders. This will also include specific training in relation to the upcoming restated SFIs/SOs/Scheme of Delegation. All Finance staff will undergo a capability review that will identify specific training needs and training programmes will be provided; this will be monitored on an ongoing basis through the staff appraisal process and to ensure their continual professional development. All Trust staff will receive regular ethics and values training.</p>
4.	<p>The Trust should complete its planned review of the structure and capacity of the finance team as soon as possible. As necessary additional investment should be made in the capacity and capability of the team.</p>	<p>Restructure of the Finance Department will be completed and in place for 1/1/22. In the period leading up to the implementation further interim support will be put in place to support this transitional period. The current capacity of the Finance Team is also to be reviewed and benchmarked against peer level/top performing Finance Departments within the NHS.</p>
5.	<p>The Trust Board should undertake a review of its financial procedures and controls to ensure that they are 'fit for purpose'.</p>	<p>Review of the SFIs/SO's/Scheme of Delegation is currently underway. Once finalised and adopted by the Trust, a further education and training programme for all budget holders will be rolled out and for all new starters (budget holders) to support adherence to these controls. In addition the specific internal controls that operate within the Finance Department will also be reviewed and enhanced and supported by a further training programme for Finance personnel.</p>

6.	The control of journals should be significantly enhanced. The Trust Board should ensure that the automated system recently introduced is effective and prevents the self-authorisation of journals.	New journal controls have been implemented wef December 2020. These will be further reviewed and will be subject to internal audit review by March 2021 to review compliance and to consider further control enhancements as appropriate.
7.	The Trust Board should undertake a detailed review of its accounts preparation processes and amend its procedures to allow accounts and supporting working papers of an appropriate quality to be prepared for audit.	The Trust is currently undertaking a systematic review of its accounts preparation processes and procedures. Actions have been identified to review and redesign the working papers to ensure adequacy, clarity, linking to accounts and file accessibility.
8.	The Trust Board should take urgent action to complete the revision and audit of its financial statements.	The Trust has engaged with Deloitte on a scoping exercise to ultimately reconstruct the 2019/20 closing balance sheet that will allow the audit to conclude. This will then allow the Trust to build its financial statements on a recognised and robust foundation for 2020/21.
9.	The Trust Board should agree with its commissioners, NHS England and Improvement, and the Department of Health a strategy that will return the Trust to a long term sustainable financial position.	The Trust is committed to eliminating the underlying financial deficit as soon as practically possible and has commenced a programme of work to identify cash and efficiency savings and to ensure the best possible value for money. If this produces a compelling case for increased funding it will work constructively with Commissioners, NHS England and Improvement and the Department of Health to secure appropriate funding levels. In the meantime it will not agree unrealistic financial targets but recognises it has an obligation to work together with partners in the local health economy to build a system that is both clinically and financially sustainable.

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