

The Audit Findings for Liverpool Heart and Chest NHS Foundation Trust

Year ended 31 March 2015

20 May 2015

Jackie Bellard
Director

T 07880 456195

E jackie.bellard@uk.gt.com

Jo Whittingham
Manager

T 07880 456207

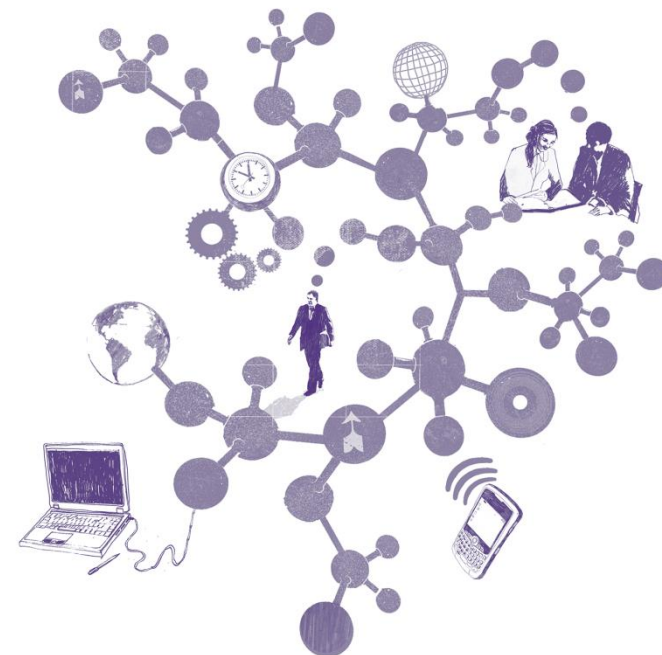
E jo.e.whittingham@uk.gt.com

Neil Krajewski

Assistant Manager

T 0161 234 6371

E Neil.P.Krajewski@uk.gt.com



Liverpool Heart and Chest
Thomas Drive,
Liverpool,
L14 3PE

Grant Thornton UK LLP
4 Hardman Square
Spinningfields
MANCHESTER
M3 3EB

T +44(0)161 953 6900
www.grant-thornton.co.uk

26 May 2015

Dear Sirs

Audit Findings for Liverpool Heart and Chest NHS Foundation Trust for the year ending 31 March 2015

This Audit Findings report highlights the significant findings arising from the audit for the benefit of those charged with governance, as required by International Standard on Auditing (UK & Ireland) 260. Its contents have been discussed with management.

As auditors we are responsible for performing the audit, in accordance with International Standards on Auditing (UK & Ireland). This is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose any misappropriation of funds or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Yours faithfully

Jackie Bellard

Chartered Accountants

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No. OC307742. Registered office: Grant Thornton House, Melton Street, Euston Square, London NW1 2EP.

A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority.

Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions. Please see grant-thornton.co.uk for further details.

Contents

Section	Page
1. Executive summary	4
2. Audit findings	7
3. Use of Resources	15
4. Fees, non audit services and independence	17
5. Communication of audit matters	20

Appendices

A Action plan

Section 1: Executive summary

01. Executive summary

02. Audit findings

03. Use of Resources

04. Fees, non audit services and independence

05. Communication of audit matters

I plan to issue an unqualified audit opinion on your financial statements and conclude that the Trust has in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. I have no significant matters to bring to your attention.

Executive summary

Purpose of this report

This report highlights the key issues affecting the results of Liverpool Heart and Chest NHS Foundation Trust (the Trust) and the preparation of the Group and Trust's financial statements for the year ended 31 March 2015. It is also used to report our audit findings to management and those charged with governance in accordance with the requirements of International Standard on Auditing (UK & Ireland) 260.

Under the Audit Code we are required to report whether, in our opinion, the Trust's financial statements present a true and fair view of the financial position. In providing our opinion on the financial statements we are also required to satisfy ourselves whether the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and whether the Trust's Quality report has been prepared in line with the requirements set out in Monitor's published guidance or is inconsistent with other sources of evidence and to report by exception in our audit report if we are not able to satisfy ourselves.

Introduction

In the conduct of our audit we have not had to alter or change our audit approach, which we communicated to you in our Audit Plan dated March 2015.

Our audit is substantially complete although we are finalising our procedures in the following areas:

- responses to a small number of audit queries still outstanding including manual accruals £3.2m
- review of the final version of the annual report, financial statements and the FTC summarisation schedules
- obtaining and reviewing the signed management letter of representation and

- updating our post balance sheet events review, to the date of signing the opinion

We received draft financial statements and accompanying working papers at the commencement of our work, in accordance with the national deadline. We will continue to work closely with the finance team to improve audit trails in preparation for next year's audit.

Key audit and financial reporting issues

Financial statements opinion

We anticipate providing an unqualified audit opinion in respect of the financial statements.

We have not identified any errors affecting the Trust's financial position (details are recorded in section 2 of this report). The draft and audited financial statements for the year ended 31 March 2015 report a retained surplus of £2.5m.

We have identified some minor amendments to the financial statements which management have agreed to change in order as they improve their presentation and disclosure.

The key messages arising from our audit of the Trust's financial statements are:

- overall the draft financial statements were presented for audit in good time and were of a high quality;
- only a small number of amendments were required;
- audit trails have improved with the exception of payroll, SBS and journals;
- the Trust must review and follow up the action points relating to Information Technology.

Further details are set out in section two of this report.

Use of Resources

We are required to satisfy ourselves whether the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and to report by exception if we cannot satisfy ourselves. We are pleased to report that, based on our review of the Trust's arrangements to secure economy, efficiency and effectiveness in its use of resources, we will not be reporting by exception.

Further detail of our work on Use of Resources is set out in section three of this report.

Agreement of Balances and Whole of Government Accounts (WGA)

Our audit work has not identified any significant variances as per the NHS agreement of balances (AoB) process. We did note high agreed balances between the Trust and The Royal Liverpool & Broadgreen University Hospital. This explains the worsening of the Trusts aged debt profile and worsening of the better payment practice code. We have made a recommendation to review these outstanding items for settlement.

Controls

Roles and responsibilities

The Trust's management is responsible for the identification, assessment, management and monitoring of risk, and for developing, operating and monitoring the system of internal control.

Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we report these to the Trust.

Findings

We draw your attention in particular to our findings for reviewing and strengthening the boundary controls in place for reconciling information from external providers (payroll, and SBS). Further details are provided within section two of this report.

The way forward

Matters arising from the financial statements audit and review of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources have been discussed with the Deputy Director of Finance.

We have made a number of recommendations, which are set out in the action plan. Recommendations have been discussed and agreed with the Deputy Director of Finance and the finance team.

Acknowledgement

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit.

Grant Thornton UK LLP
May 2015

Section 2: Audit findings

01. Executive summary

02. Audit findings

03. Use of Resources

04. Fees, non-audit services and independence

05. Communication of audit matters

Audit findings against significant risks

"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty" (ISA (UK&I) 315).

In this section we detail our response to the significant risks of material misstatement which we identified in the Audit Plan. As we noted in our plan, there are two presumed significant risks which are applicable to all audits under auditing standards.

	Risks identified in our audit plan	Work completed	Assurance gained and issues arising
1.	Improper revenue recognition Under ISA (UK&I) 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue	<ul style="list-style-type: none"> Documenting our understanding of management's controls over revenue recognition Review of revenue recognition policies Testing of material revenue streams recognised in the statement of accounts. Testing deferred income 	<p>Our audit work has not identified any issues in respect of revenue recognition.</p> <p>We recommend the Trust review its approach for accounting for deferred income for clarity.</p>
2.	Management override of controls Under ISA (UK&I) 240 there is a presumed risk that the risk of management over-ride of controls is present in all entities.	<ul style="list-style-type: none"> Testing of journal entries raised Review of accounting estimates, judgments and decisions made by management Review of unusual significant transactions, such as the accounting for your new building 	<p>Our audit work has not identified any evidence of management override of controls.</p>



Audit findings against other risks

In this section we detail our response to the other risks of material misstatement which we identified in the Audit Plan.

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
Healthcare revenues	Accounting for contract arrangements with commissioning bodies not consistent with terms Contractual adjustments with commissioning bodies not adequate	<ul style="list-style-type: none"> • Walkthrough of key controls relating to the recognition of income due under contract from healthcare commissioners and the process for agreeing any adjustments or variations required • Testing of income recognised and confirmation that it is consistent with contractual terms • Testing of any variations agreed on the contracts with the commissioners to confirm these are properly reflected in the financial statements 	Our audit work has not identified any significant issues in relation to the risk identified
Employee remuneration	Employee remuneration accruals understated.	<ul style="list-style-type: none"> • Walkthrough of key controls relating to the payment of Trust staff, including those controls operated by the Trust's payroll provider • Testing of a sample of payments made to Trust staff during the 2014-15 financial year. • Reconciling the payroll for the year to the figures included in the statement of accounts • Undertaking a trend analysis of payroll through the year to identify any unusual transactions. 	Our audit work has not identified any significant issues in relation to the risk identified. We recommend strengthening the boundary controls between the information received from service providers including ESR and the checks the Trust does internally to assure themselves it is in line with their expectations.
Trade creditors / accruals	Creditors understated or not recorded in the correct period	<ul style="list-style-type: none"> • Walkthrough of key controls in place to make payments to suppliers for amounts due or accrue for amounts outstanding at the year-end. • Testing of operating expenses and year-end creditor balances • Review of new year payments to ensure where these relate to 2014/15 these have been included in the accounts • Analysis of year-end accruals to confirm that these reflect amounts outstanding at the year-end 	<p>Our audit work has not identified any significant issues in relation to the risk identified.</p> <p>We did identify a deterioration in the Trust's performance for BPPC. We have recommended the Trust review and clear longstanding balances with higher value creditors.</p>

Accounting policies, Estimates & Judgements

In this section we report on our consideration of accounting policies, in particular revenue recognition policies, and key estimates and judgements made and included with the Trust's financial statements.

Accounting area	Summary of policy	Comments	Assessment
Revenue recognition	<ul style="list-style-type: none"> The Trust follows IAS 18 in respect of revenue recognition Revenue is recognised based on when it is earned rather than received 	<ul style="list-style-type: none"> In line with IAS18 - adequate disclosure In line with Monitor requirements Deferred income now disclosed as a critical judgement and underperformance on contracts disclosed as LHCH accounting policy We have asked that the Trusts reviews the wording of its policy in relation to partially completed spells as its practice is not to account for them 	
Estimates and judgements	<ul style="list-style-type: none"> Key estimates and judgements include: <ul style="list-style-type: none"> Useful life of capital equipment Revaluations Impairments Provisions 	<p>We have reviewed the methodology for the revaluation of property, plant and equipment.</p> <p>We are satisfied that the estate is fairly stated and this is reflected in the accounts based on the work of the Valuer.</p> <p>We have also reviewed the basis of provisions and find the accounting to be cautious but prudent</p>	

Assessment

● Marginal accounting policy which could potentially attract attention from regulators

● Accounting policy appropriate but scope for improved disclosure

● Accounting policy appropriate and disclosures sufficient

Accounting policies, Estimates & Judgements

Accounting area	Summary of policy	Comments	Assessment
Going concern	The Directors have a reasonable expectation that the services provided by the Trust will continue for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.	We have reviewed the Directors' assessment and are satisfied with managements assessment that the going concern basis is appropriate for the 2014/15 financial statements.	●
Other accounting policies	The accounting policies of the Trust are included in note 1 to note 1.37 of the accounts.	Our review of the accounting policies against required disclosures identified no issues. However, we have recommended that the accounting policies are reviewed and only those relevant to the Trust are disclosed.	●

Assessment

● Marginal accounting policy which could potentially attract attention from regulators

● Accounting policy appropriate but scope for improved disclosure

● Accounting policy appropriate and disclosures sufficient

Other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards to communicate to those charged with governance.

	Issue	Commentary
1.	Written representations	<ul style="list-style-type: none"> A letter of representation has been requested from the Trust.
2.	Confirmation requests from third parties	<ul style="list-style-type: none"> We obtained direct confirmations from Monitor for bank balances and loans and requested from management permission to send confirmation requests to one bank. This permission was granted and the request was sent. We anticipate a response before giving an opinion
3.	Disclosures	<ul style="list-style-type: none"> Our audit work identified no material omissions in the financial statements (a number of smaller adjustments were made the more significant of which are included on page 15 for your information.)
4.	Matters in relation to fraud	<ul style="list-style-type: none"> We have previously discussed the risk of fraud with the Audit Committee and been made aware of [...]. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures]
5.	Matters in relation to laws and regulations	<ul style="list-style-type: none"> We are not aware of any significant incidences of non-compliance with relevant laws and regulations.
6.	Matters in relation to related parties	<ul style="list-style-type: none"> We are not aware of any related party transactions which have not been disclosed
7.	Matters on which we report by exception	<ul style="list-style-type: none"> We have not identified any issues we would be required to report to you by exception : <ul style="list-style-type: none"> If the Annual Governance Statement does not meet disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual or is misleading or inconsistent with the information of which we are aware from our audit We have not been able to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources The Trust's Quality report has not been prepared in line with the requirements set out in Monitor's published guidance or is inconsistent with other sources of evidence The information in the annual report is materially inconsistent with the information in the audited financial statements or apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Trust acquired in the course of performing our audit, or otherwise misleading We have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and The annual report does not appropriately disclose matters that were communicated to the Audit Committee which we consider should have been disclosed.

Internal controls

The purpose of an audit is to express an opinion on the financial statements.

Our audit included consideration of internal control relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. We considered and walked through the internal controls for Healthcare Revenues, Employee Remuneration and Operating Expenses.

The controls were found to be operating effectively and we have no significant matters to report to the Audit Committee.

As part of the detailed audit work on Employee Remuneration we had some difficulty in agreeing the figures in the financial statements to the supporting feeder system via reports from ESR. It took an unexpected amount of effort from the officers as well as the audit team to gain sufficient assurance regarding the completeness of the figures. Similarly the reports the Trust receives from SBS could not be readily agreed to operating expenses and initially a deficiency in the journal reports provided to the Trust meant that the journals did not balance. We have recommended that the Trust reviews its monthly reconciliations from ESR to ensure they are fit for purpose and become meaningful boundary controls. The Trust have now fixed the journal reports and these will be reviewed on a monthly basis.

Internal controls – review of issues raised in prior year

	Issue and risk previously communicated	Update on actions taken to address the issue
1.	We identified and reported a number of Information Technology recommendations in 2013/14.	<ul style="list-style-type: none">The Trust has begun to make progress in addressing these issues. For completeness they have been repeated in this years action plan for follow up and review.

Section 3: Use of Resources

01. Executive summary

02. Audit findings

03. Use of Resources

04. Fees, non audit services and independence

05. Communication of audit matters

Use of Resources

In providing our opinion on the financial statements we are required by the Code to satisfy ourselves whether the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and report by exception in our audit report if we not able to satisfy ourselves.

To support our work on Use of Resources we have reviewed:

- the Trust's Annual Governance Statement (AGS) for consistency with our knowledge of the Trust;
- the work of other regulatory bodies for impact on our responsibilities;
- the Trust's annual report to ensure consistency with our knowledge and understanding of the Trust and that there are no apparent misstatements of fact or material inconsistencies with other key documents.

Key findings

The Trust continues to meet the challenges of these financially difficult times. The annual operating revenue increased this year by 5.4% resulting in a revenue outturn of £117m which was £6m above plan. This increased activity did put pressure on pay costs which were £3.6m above plan in part due to the number of relatively expensive agency staff. The surplus of £4.6m. was significantly in excess of the Trust's planned outturn of £475k. due mainly to the reversal of the previous year impairment. This year was the first year that the Trust was unable to achieve its planned £5.8m cost improvement plan. It did deliver £4.8m and whilst this is still an achievement it does put some additional pressure on the Trust for 15/16.

The Trust's Annual report and AGS are consistent with our cumulative audit knowledge and understanding of the Trust. We noted a few minor inconsistencies which other statements that management have agreed to change. We will ensure these changes have been made appropriately before we give our opinion.

We are satisfied that the annual report appropriately reflects the findings of other regulators. There are no significantly adverse reports from other regulators which impact on our responsibilities

Use of Resources conclusion

On the basis of our work, we are satisfied that in all significant respects the Trust has made place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2015.

Quality Report

We expect to deliver an unqualified opinion on the Quality report and mandated indicators.

We have substantially completed the work required by Monitor in respect of the Trust's Quality Report. We will need to review the final version to ensure agreed amendments have been made appropriately. We will provide a separate report on the outcome of our work on the Quality Report.

The following indicators are those on which we will base our limited assurance report :

- *The percentage of incomplete pathways within 18 weeks for patients on incomplete pathways*
- *The percentage of patients receiving their first treatment 62 days or fewer from their initial urgent GP referral for all cancers*

We are completing the work on the local indicator chosen by the Council of Governors.

- *Improve the timeliness of our communications to General Practitioners at the point of discharge*

This 'local' indicator remains outside of the 'limited assurance' scope opinion.

Section 4: Fees, non audit services and independence

01. Executive summary

02. Audit findings

03. Use of Resources

04. Fees, non-audit services and independence

05. Communication of audit matters

Fees, non audit services and independence

We confirm below our final fees charged for the audit and confirm there were no fees for the provision of non audit services.

Fees

	Per Audit plan £	Actual fees £
Trust audit	47,600	47,600
Charitable fund audit *	6,500	To be agreed
Total audit fees	54,100	47,600

*the audit plan assumed that a full audit was required.
However changes in the thresholds mean the charitable fund is subject to an independent examination.

Fees for other services

Service	Fees £
None	Nil

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

Ethical standards and International Standards on Auditing (ISA (UK&I) 260) require us to give you full and fair disclosure of matters relating to our independence. In this context, we have nothing further to disclose.

Section 5: Communication of audit matters

01. Executive summary

02. Audit findings

03. Use of Resources

04. Fees, non-audit services and independence

05. Communication of audit matters

Communication of audit matters to those charged with governance

International Standards on Auditing (ISA) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

The Audit Plan outlined our audit strategy and plan to deliver the audit, while this Audit Findings report presents the key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK and Ireland), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. We are required to audit the financial statements and to give an opinion as to:

- whether they give a true and fair view of the financial position of the Trust and its expenditure and income for the period in question
- whether they have been prepared properly in accordance with relevant legislation, applicable accounting standards and other reporting requirements
- whether the Trust complies with the Monitor Foundation Trusts Financial Reporting Manual which requires directors of an NHS Foundation Trust to produce a directors' report akin to that required by paragraph 234 of the Companies Act 1985. We are required to follow Section B of ISA 720 in relation to the directors' report
- whether the Annual Governance Statement (AGS) has been presented in accordance with relevant requirements and to report if it does not meet these requirements, or if the statement is misleading or inconsistent with our knowledge
- whether appropriate arrangements are in place for the preparation of the Quality report
- whether the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and report by exception in our audit report if we are not able to satisfy ourselves.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged Details of safeguards applied to threats to independence	✓	✓
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Compliance with laws and regulations		✓
Expected unmodified auditor's report		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern		✓
Matters in relation to the Group audit, including: Scope of work on components, involvement of group auditors in component audits, concerns over quality of component auditors' work, limitations of scope on the group audit, fraud or suspected fraud	✓	✓

Appendices

Appendix A: Action plan

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
1	Ensure the Annual report is consistent with the figures and assertions in other statements and review the processes for managing the number of versions – improve version control.	High	Updates to annual report have made – will look to improve version control as agreed.	Deputy Director of Finance Complete
2	Review the boundary controls in place in relation to ESR. Ensure that ESR reports are fully reconciled to the ledger in a way that is meaningful for the Trust.	High	This will be prioritised for review, and controls will be discussed and agreed with external Auditors.	Head of Financial Services Review June 2015, Agreement with External Auditors Quarter 2.
3	Review the accounting policies for relevance. Remove generic policies to improve the overall presentation of the accounts.	Medium	Agreed	Quarter 2
4	Review and clear higher balances for longstanding payables and receivables particularly those items that have been approved for payment.	Medium	Agreed	Head of Financial Services 2015
5	Review all reports received from external sources to ensure they are fit for purpose e.g journals and SBS reconciliations	Medium	This will be prioritised for review, and controls will be discussed and agreed with external Auditors.	Head of Financial Services Review June 2015, Agreement with External Auditors Q 2.
6	The directors should explicitly report that the NHS trust is a going concern with assumptions or qualifications in support of that assertion.	Low	Agreed – to be built into the Board Cycle of Business	Director of Finance March 2016
7	Review approach to accounting for deferred income – ensure any assumptions are clearly articulated/ supported.	Low	Agreed	Deputy Director of Finance Quarter 2

Appendix A: Action plan

Priority

Significant deficiency – risk of significant misstatement

Deficiency - risk of inconsequential misstatement

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
7	Review the IT control environment and address any deficiencies ;	Deficiencies	Accepted.	Head of financial accounts/ head of information technology
	a) Conduct periodic vulnerability assessments tests against the internal network and network perimeter to security weaknesses are proactively identified and remedial action taken.		Accepted.	Head of financial accounts/ head of information technology
	b) Management should review user access rights to ensure that only appropriate access is granted this will protect the Trust's systems and information from unauthorised access		Accepted.	Head of financial accounts/ head of information technology
	c) Proactively review Oracle and ESR audit logs to identify and review any unusual activity		Accepted.	Head of financial accounts/ head of information technology
	d) Management should consider implementing a stronger password policy for access to the network and applications.		Accepted.	Head of financial accounts/ head of information technology
	e) The responsibility of administering security within applications should be performed by independent system administrators who do not perform end-user duties.		Accepted.	Head of financial accounts/ head of information technology
	f) Security administrators of Active Directory should be provided with timely notifications from HR of mover and leaver activity. These measures will reduce the possibility of unauthorised access to the Trust's systems.		Accepted.	Head of financial accounts/ head of information technology

Appendix B: Audit opinion

We anticipate we will provide the Trust with an unmodified audit opinion – given the enhanced reporting requirements we will provide this as a word document.

**INSERT FULL TEXT OF THE PROPOSED OPINION BASED ON THE
TEMPLATE OPINIONS
NOTE GIVEN EXTENDED NATURE OF ENHANCED REPORT YOU MAY
WISH TO PROVIDE THIS ON A SEPARATE WORD DOCUMENT**



© 2015 Grant Thornton UK LLP. All rights reserved.

'Grant Thornton' means Grant Thornton UK LLP, a limited liability partnership.

Grant Thornton is a member firm of Grant Thornton International Ltd (Grant Thornton International). References to 'Grant Thornton' are to the brand under which the Grant Thornton member firms operate and refer to one or more member firms, as the context requires.

Grant Thornton International and the member firms are not a worldwide partnership. Services are delivered independently by member firms, which are not responsible for the services or activities of one another. Grant Thornton International does not provide services to clients.

grant-thornton.co.uk