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# The Whittington Hospital NHS Trust Charitable Funds

AUDIT HIGHLIGHTS MEMORANDUM  
AND MANAGEMENT REPORT

DRAFT: January 2013

Year ending 31 March 2012

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This report is addressed to the Whittington Hospital NHS Trust as the corporate Trustee of the Whittington Hospital NHS Trust Charitable Funds, and has been prepared for the use of the Trustee only. We accept no responsibility towards any member of staff acting on their own, or to any third parties.

External auditors do not act as a substitute for the Trustees' own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that charitable money is safeguarded and properly accounted for, and used in line with the intentions of the donors.

If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Fleur Nieboer who is the engagement lead to the Charity, telephone 0207 311 1897 or email [fleur.nieboer@kpmg.co.uk](mailto:fleur.nieboer@kpmg.co.uk) who will try to resolve your complaint.

# Introduction

The purpose of this document is to set out certain matters which came to our attention during the course of our audit of the accounts of the Whittington Hospital NHS Trust Charitable Fund for the year ended 31 March 2012.

## Our audit objectives

Our audit work is designed to consider whether the financial statements of the Charity:

- **give a true and fair view** of the state of affairs of the Charity at 31 March 2012 and of its incoming resources and application of resources for the year then ended, taking into account the requirements of the Charities Act 2011 and UK Generally Accepted Accounting Practice; and
- **have been properly prepared** in accordance with the Statement of Recommended Practice: Accounting for Charities (SORP 2005);

Our audit objectives go beyond the delivery of the statutory requirements of audit (the provision of an opinion) and reflect our desire to meet and exceed the Charity's expectations. Our audit objectives are to:

- deliver a high quality, efficient audit, focusing on key issues and risks, with an appreciation of operational sensitivities and of the overall environment in which the Charity's operates;
- provide added value commentary on current issues, control recommendations and accounting and regulatory developments in our management reporting;
- report effectively within agreed timescales.

In delivering these objectives, we worked closely with finance staff to ensure that our work was undertaken with the minimum of disruption to the Charity.

## Acknowledgements

We would like to take this opportunity to thank the Trust staff for their co-operation and assistance with our audit.

## Independence

- KPMG conforms to the highest governance standards at all times and ensures that any additional services are approved by the Audit and Risk Committee as part of agreeing any engagement to ensure transparency.
- ISA 260 "*Communication of Audit Matters to Those Charged with Governance*" requires us to communicate at least once a year regarding all relationships between KPMG and the Charity that may be reasonably thought to have bearing on our independence.
- There are no matters that have occurred during the financial year to date on which we are required to report – see Appendix Two for our formal independence confirmation.

# Audit status and observations arising from our audit

We set out below details of the required communications to the Trustee.

<b>Disagreement with management</b>	There have been no disagreements with management on financial accounting and reporting matters that, if not satisfactorily resolved, would have caused a modification of our auditor's report on the financial statements.
<b>Consultation with other accountants</b>	To the best of our knowledge, management has not consulted with or obtained opinions, written or oral, from other independent accountants during the past year that were subject to the requirements of Statement 1.213 of the Institute of Chartered Accountants in England and Wales Guide of Professional Ethics.
<b>Difficulties encountered in performing the audit</b>	We encountered no fundamental difficulties in dealing with management in performing the audit.
<b>Material written communications</b>	In accordance with the communication requirements of Clarified International Standard on Auditing (UK and Ireland) 260, we provide the following material written communications to the Trustee for their 17 January meeting: <ul style="list-style-type: none"><li>■ Report to the Charitable Fund Committee – this is the main body of this report; and</li><li>■ KPMG Independence communication (Appendix Two).</li></ul>
<b>Management Representations</b>	In accordance with Clarified ISA 580 Written representations, we request written representations from those charged with governance.  The draft written representation letter was provided to the Trust on the 9 January.
<b>Audit misstatements</b>	Under the requirements of Clarified ISA 260 <i>Communication of Audit Matters to Those Charged with Governance</i> , we are required to report any adjusted audit misstatements arising from our work.  There are no reported unadjusted misstatements (see Appendix One).

## Audit of the Charity

Our audit work on the financial statements is now complete and we will be issuing an unqualified audit opinion for the year ended 31 March 2012 (based on our position at the date of this report), following the approval of the accounts by the Trustee and the receipt of management representations (to be provided by Trustee on the date accounts are signed).

The key issues identified during our audit are reported in this document on pages 4 to 5.

## Management report

Our objective is to use our knowledge of the Charity gained during our routine audit work to make useful comments and suggestions for you to consider. However, you will appreciate that our routine audit work is designed to enable us to form the above audit opinion on the annual financial statements of the Charity and should not be relied upon to disclose errors or irregularities which are not material in relation to those financial statements.

All issues raised in the report have been discussed with management and we have included responses where appropriate. In order to provide an indication of the level of importance of the recommendations made, we have prioritised our recommendations into the following categories:

- **High** - matters that are considered fundamental, against which management should take action as soon as possible;
- **Medium** - matters that are considered significant, that should be addressed within three months; and
- **Low** - matters that merit attention and would improve overall control.

# Audit status and observations arising from our audit (continued)

The following are the matters that came to our attention during the course of the audit:

No	Priority	Issue, impact and recommendation	Management Response
1	Low	<p><b>Restricted funds with no expenditure</b></p> <p>We noted that a significant proportion of journals are</p>	<p>The Corporate Trustee accepts dormant charitable accounts should be utilised at the earliest opportunity to achieve the stated objects of the charity. However, there are also legitimate reasons why an account may appear dormant – eg funds being accumulated to achieve a required value .</p> <p><b>Implementation: May 2013</b></p> <p><b>Lead:</b></p>
2	Low	<p><b>Fund risk register</b></p> <p>We noted that a risk register was not maintained separately for the Charitable Funds. Although risks relating to it would be expected to be recorded in the Trust risk register, maintenance of a Funds risk register would inform the discussion of risk undertaken by the Charitable Committee.</p> <p>We recommend that risks relating to the Charitable Funds are recorded on a separate risk register for the Funds and are presented to the Charitable Committee for review at least annually as part of its review of risk management.</p>	<p>A Risk Register will be developed for the Charitable Funds in 2013.</p> <p><b>Implementation: May 2013</b></p> <p><b>Lead:</b></p>

# Appendix One

## Summary of audit misstatements

We are required by *Clarified ISA (UK and Ireland) 260 Communication of Audit Matters to Those Charged with Governance* to communicate all uncorrected misstatements, other than those that we believe are clearly trivial, to the Trustee Board. We are also required to report all material misstatements that management has corrected but that we believe should be communicated to the Trustee Board to assist it in fulfilling its governance responsibilities. This appendix sets out the audit differences that we identified during the course of our audit for the year ended 31 March 2012.

### **Material misstatements that management have corrected**

We have not identified any audit differences during the course of the audit for which the financial statements require adjustment.

### **Presentational issues**

We identified a number of minor presentational issues during our audit and these have all been amended by the Trust.

### **Corrected audit misstatements**

We have not identified any errors during the course of our work which required amendment by management.

### **Uncorrected audit misstatements**

There were no misstatements identified during the course of the audit for which the financial statements have not been adjusted.

# Appendix Two

## Independence confirmation

### To the Trustee

Professional ethical standards require us to communicate to you in writing at least annually all significant facts and matters, including those related to the provision of non-audit services and the safeguards put in place that, in our professional judgement, may reasonably be thought to bear on KPMG LLP's independence and the objectivity of the partner and the audit team. This letter is intended to comply with this requirement.

We have considered the fees paid to us by the Charity and its related entities for professional services provided by us during the reporting period.

We are satisfied that our general procedures support our independence and objectivity.

### General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners and staff annually confirm their compliance with our Ethics and Independence Manual including in particular that they have no prohibited shareholdings. Our Ethics and Independence Manual is fully consistent with the requirements of the APB Ethical Standards. As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values
- Communications
- Internal accountability
- Risk management
- Independent reviews.

Please inform us if you would like to discuss any of these aspects of our procedures in more detail.


There are no other matters that, in our professional judgement, bear on our independence which need to be disclosed to the Trustee Board.

### Confirmation of audit independence

We confirm that as of 10 January 2013 in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the Partner and audit staff is not impaired.

This report is intended solely for the information of the Trustee Board and should not be used for any other purposes.

Yours faithfully



KPMG LLP

10 January 2013