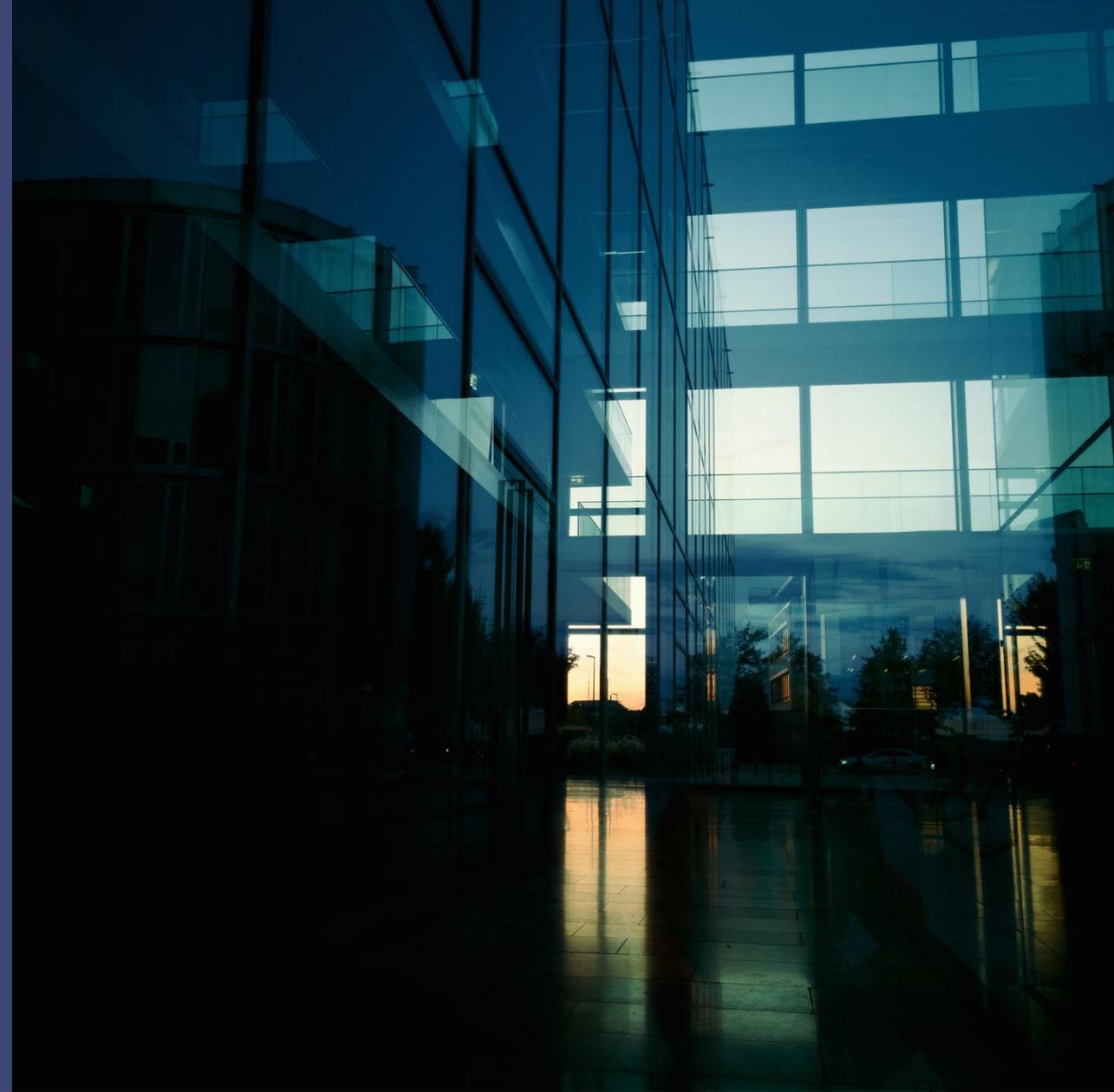


# Audit Completion Report

Leeds Community Healthcare NHS Trust  
– year ended 31 March 2023

19 June 2023



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This document is to be regarded as confidential to Leeds Community Healthcare NHS Trust. It has been prepared for the sole use of the Audit Committee as the appropriate sub-committee charged with governance by the Board of Directors. No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.



Audit Committee  
Leeds Community Healthcare NHS Trust  
1<sup>st</sup> Floor  
Stockdale House  
Headingley Office Park  
Victoria Road  
Leeds  
LS6 1PF

19 June 2023

Dear Committee Members

## **Audit Completion Report – Year ended 31 March 2023**

We are pleased to present our Audit Completion Report for the year ended 31 March 2023. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks, key audit matters and other areas of management judgement, was outlined in our Audit Strategy Memorandum which we presented on 21 April 2023. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks and other areas of management judgement remain appropriate.

We would like to express our thanks for the assistance of your team during our audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me on 0161 238 9243.

Yours faithfully

Signed: {{\_es\_:signer1:signature }}

Alastair Newall

Mazars LLP

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# 01

Section 01:

**Executive summary**

# 1. Executive summary

## Principal conclusions and significant findings

As outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards on Auditing (UK), the relevant ethical and professional standards and the terms of our engagement, and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

In section 4 of this report we have set out our conclusions and significant findings from our audit. This section includes our conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum, which include:

- Management override of controls;
- Risk of fraud in revenue and expenditure recognition
- Valuation of Property, Plant and Equipment

Section 5 sets out internal control recommendations and section 6 sets out audit misstatements.

## Status and audit opinion

We have substantially completed our audit in respect of the financial statements for the year ended 31 March 2023.

The matters remaining outstanding are outlined in section 2.

We will provide an update to you in relation to the significant matters outstanding in a follow up letter.

Subject to the satisfactory conclusion of the remaining audit work, we have the following conclusions:



### Audit opinion

We anticipate issuing an unqualified opinion, without modification, on the financial statements. Our proposed audit opinion is included in the draft auditor's report in Appendix B.



### Value for Money

We anticipate having no significant weaknesses in arrangements to report in relation to the arrangements that the Trust has in place to secure economy, efficiency and effectiveness in its use of resources. Further detail on our Value for Money work is provided in section 7 of this report.



### Reporting to the group auditor

We anticipate reporting to the National Audit Office (NAO) that the Trust's consolidation data is consistent with the financial statements.

# 02

Section 02:

**Status of the audit**

## 2. Status of the audit

Our work is substantially complete and there are currently no matters of which we are aware that would require modification of our audit opinion, subject to the outstanding matters detailed below.

Audit area	Status	Description of the outstanding matters
Trade and Other Payables		We are awaiting evidence to support judgements the Trust has made for one accrual balance sample tested.
IFRS 16 Implementation		We are finalising our testing of the calculation of lease liabilities. We are reviewing further evidence provided by the Trust to support the use of the cost model for the valuation of right of use assets.
Final Versions of the Financial Statements, Annual Report and AGS		Receipt of the final versions of the Financial Statements, Annual Report and Annual Governance Statement (AGS).
Post Balance Sheet Events		Review of post balance sheet events up to the point at which we sign our audit report.
Letter of Representation		Receipt of signed Letter of Management Representation.
Whole of Government Accounts (WGA)		Completion of audit procedures supporting the WGA return to the NAO.
Audit Review and Quality Control		Completion of Manager and Partner review and Mazars quality control processes in respect of the audit.



Likely to result in material adjustment or significant change to disclosures within the financial statements.



Potential to result in material adjustment or significant change to disclosures within the financial statements.



Not considered likely to result in material adjustment or change to disclosures within the financial statements.

# 03

Section 03:

**Audit approach**

# 3. Audit approach

## Changes to our audit approach

We have made two minor changes to our audit approach since we presented our Audit Strategy Memorandum which are outlined below.

We have amended our response to the risk of fraud in revenue recognition to focus specifically on the recognition of non-block income around the year end. We have removed the test on receivables because this is addressed through our cut off testing. This reflects that any understatement of trade receivables would be identified through our testing of income cut off for the months of April and May.

We have amended our response to the risk of fraud in expenditure recognition to include testing of cut off for the months of March, April and May.

## Materiality

Our provisional materiality at the planning stage of the audit was set at £4m using a benchmark of 2% of gross operating expenditure. Our final assessment of materiality, based on the draft financial statements, is £4.35m using the same benchmark.

## Use of experts

We provide information below on the use of experts as part of the audit. There were no changes to the planned approach as outlined in the ASM.

Item of account	Management's expert	Our expert
Property valuations	District Valuer	We used available third-party information to challenge the key valuation assumptions.
Cash equivalent transfer values of pensions as disclosed in the Remuneration Report	NHS Pensions Agency	We used the National Audit Office commissioned report from the actuarial expert to providing a review of the NHS Pensions Agency to gain assurance over the pensions disclosed within the Remuneration Report.

## Service organisations

We provide information below on the audit approach for the use of service organisations. There were no changes to the planned approach as outline in the ASM.

Items of account	Service organisation	Audit approach
Payroll	IBM Electronic Staff Record (ESR)	We reviewed the ESR McKesson Type 2 Service Auditor Report and no significant deficiencies were identified.
Payroll	Leeds Teaching Hospitals NHS Trust	We obtained assurance by understanding the processes and controls the Trust has in place to assure itself that transactions processed are materially correct. We undertook sample testing of payroll transactions based on evidence available from the Trust and the shared service provider.
Accounts payable, accounts receivable and cash	NHS Shared Business Services (SBS)	We reviewed the SBS Type 2 Service Auditor Report and no significant deficiencies were identified.

# 04

## Section 04: **Significant findings**

# 4. Significant findings

In this section we outline the significant findings from our audit. These findings include:

- our audit conclusions regarding other significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 15 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management;
- any significant difficulties we experienced during the audit; and

## Significant risks

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**Management override of controls****Description of the risk**

This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.

Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.

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**How we addressed this risk**

We addressed this risk through performing audit work over:

- Accounting estimates impacting amounts included in the financial statements;
- Consideration of identified significant transactions outside the normal course of business; and
- Journals recorded in the general ledger and other adjustments made in preparation of the financial statements.

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**Audit conclusion**

Subject to satisfactory completion of our work on estimates, there are no matters to report in respect of management override of controls.

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# 4. Significant findings

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**Risk of fraud in revenue and expenditure recognition**

**Description of the risk**

The risk of fraud in revenue and expenditure recognition is presumed to be a significant risk on all audits due to the potential to inappropriately shift the timing and basis of revenue and expenditure recognition as well as the potential to record fictitious revenues/expenditure or fail to record actual revenues/expenditure.

For the Trust we deem the risk to relate specifically to:

- Revenue cut-off –recognition of non-block income around the year end;
- Expenditure cut off –recognition of year end accruals.

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**How we addressed this risk**

We evaluated the design and implementation of the controls the Trust has in place which mitigate the risk of income and expenditure being recognised in the wrong year. In addition we undertook range of substantive procedures including:

- testing of material non-block income items to ensure they relate to 2022/23;
- testing receipts and expenditure in the pre and post year end period to ensure they have been recognised in the right year;
- testing year end accruals to evaluate the data on which they are based and ensure that the estimated accrual is reasonable;
- reviewing intra-NHS reconciliations and data matches provided by the Department of Health.

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**Audit conclusion**

There are no matters to report in respect of the risk of fraud in revenue and expenditure recognition.

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# 4. Significant findings

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**Valuation of property, plant and equipment**

**Description of the risk**

Management engages the District Valuer as an expert to assist in determining the fair value of land and buildings to be included in the financial statements. Changes in the value of land and buildings, including the use of modern equivalent valuation, may impact on the Statement of Comprehensive Income depending on the circumstances and the specific accounting requirements of the Group Accounting Manual.

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**How we addressed this risk**

We undertook a range of substantive procedures including:

- liaising with management to update our understanding of the approach taken by the Trust in obtaining valuations;
- assessing the scope and terms of engagement of management’s valuation expert and the competence, skills and objectivity thereof;
- reviewing the work of management’s valuation expert and how this has been incorporated into the financial statements;
- reviewing the valuation methodology used, including the appropriateness of the modern equivalent asset valuation basis and testing the underlying data and assumptions;
- considering the reasonableness of the valuation by comparing the valuation output with market intelligence and challenging the Trust and the valuer.

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**Audit conclusion**

There are no matters to report in respect of the valuation of property, plant and equipment.

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# 4. Significant findings

## Key Areas of Management Judgement

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**Implementation of IFRS 16****Description of the risk**

IFRS 16 has been applicable from 1 April 2022 and is designed to report information that better shows lease transactions and provides a better basis for users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases.

The Trust is required to identify a number of lease arrangements in line with this new standard for the first time in the 2022/23 accounts. The Trust holds significant lease balances which may be subject to re-classification under the new standard.

In addition to identifying and correctly classifying the leases the Trust will have to account for a right of use asset that will need to be revalued.

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**How we addressed this risk**

We reviewed the work that the Trust has carried out for the implementation of IFRS 16 on 1 April 2022.

We substantively tested lease balances and sought evidence to support that they have been correctly classified and accurately measured under the new standard.

We:

- obtained an understanding of the approach taken by the Trust in valuing the right of use asset;
- sample tested the recognition of the lease liability and valuation of the right of use assets;
- agreed the valuations to underlying data and reviewed the underlying valuation assumptions.

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**Audit conclusion**

We are still finalising our work on the implementation of IFRS 16 and are reviewing the Trusts approach to the revaluation of right of use assets. At this stage, there are no matters to report in respect of the implementation of IFRS 16.

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## 4. Significant findings

### Qualitative aspects of the Trust's accounting practices

We have reviewed the Trust's accounting policies and disclosures and concluded they comply with Department of Health and Social Care Group Accounting Manual 2022/23, appropriately tailored to the Trust's circumstances.

Draft accounts were received from the Trust on 27 April 2023 and were of a good quality.

### Significant matters discussed with management

During our audit we communicated the following significant matters to management:

#### IFRS 16 implementation

We discussed the Trust's arrangements for the implementation of IFRS. We also discussed with management the Trust's valuation of its Right of Use asset, and in particular its use of the cost model as a proxy for the valuation of those assets. Following those discussions we requested, and the Trust provided, an assessment of its judgements in applying the cost model, including a consideration of the market for those assets.

#### Accruals

During our audit testing we discussed with management their judgements and supporting evidence for some accruals raised in 2022/23.

#### Review of accounting policies

Following receipt of the draft accounts, and our review of these, we discussed with management the streamlining of the disclosures and removing immaterial accounting policies and disclosures.

### Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management.

# 05

Section 05:

**Internal control recommendations**

# 5. Internal control recommendations

As part of our audit of the financial statements, we obtained an understanding of internal controls sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to the Audit Committee any significant deficiencies identified during the course of our work.

The purpose of our audit was to express an opinion on the financial statements. As part of our audit we have considered the internal controls in place relevant to the preparation of the financial statements in order to design audit procedures to allow us to express an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of internal control or to identify any significant deficiencies in their design or operation.

The matters reported are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and that we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control we might have identified more deficiencies to be reported or concluded that some of the reported deficiencies need not in fact have been reported. Our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

Our findings and recommendations are set out below. We have assigned priority rankings to each of them to reflect the importance that we consider each poses to your organisation and, hence, our recommendation in terms of the urgency of required action. In summary, the matters arising fall into the following categories:

Priority ranking	Description	Number of issues
<b>1 (high)</b>	In our view, there is potential for financial loss, damage to reputation or loss of information. This may have implications for the achievement of business strategic objectives. The recommendation should be taken into consideration by management immediately.	0
<b>2 (medium)</b>	In our view, there is a need to strengthen internal control or enhance business efficiency. The recommendations should be actioned in the near future.	0
<b>3 (low)</b>	In our view, internal control should be strengthened in these additional areas when practicable.	2

# 5. Internal control recommendations

## Deficiencies in internal control – Level 3

### Description of deficiency – existence of fixed assets

Each year one quarter of the fixed asset register is extracted and all the assets are sent to individual budget holders across the Trust. Budget holders are asked to confirm the existence of the assets as well as the fact that they are still in use. Our walkthrough of property, plant and equipment identified that during 2022/23 this control has not operated due to staffing constraints.

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### Potential effects

This deficiency could lead to assets remaining on the FAR that have been disposed of or have become obsolete.

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### Recommendation

The trust should reimplement its routine confirmation from budget holders that all assets still exist.

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### Management response

The process was affected by the change in finance personnel in 2022/23. The Trust will reimplement its routine confirmation from a proportion of Budget holders to confirm the existence of assets for the following financial years.

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# 5. Internal control recommendations

## Deficiencies in internal control – Level 3

### Description of deficiency – year end review of prepayments

We identified an invoice relating to a two year contract that had been paid in March 2023, but related to 2023/24 and therefore should have been recognised as a prepayment. We confirmed that the contract expenditure for the prior year had been treated consistently with the treatment in 2022/23 and as such there was no overstatement of expenditure in 2022/23. However, had this not been the case it is possible that two years expenditure would have been recorded within 2022/23.

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### Potential effects

Prepayments are not identified and expenditure in the accounts is overstated.

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### Recommendation

The Trust should undertake a review of all year end payments over a specified threshold to ensure any prepayments are identified.

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### Management response

The Trust will ensure a detailed review is carried out of all year end payments over £50,000 to identify prepayments for the following financial years.

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## Follow up on previous internal control points

There were no internal control recommendations made in the prior year that require follow-up.

# 06

Section 06:

**Summary of misstatements**

# 6. Summary of misstatements

## Unadjusted misstatements

To date there are no unadjusted misstatements identified through the course of our audit.

## Adjusted misstatements

To date there are no adjusted misstatements identified through the course of our audit (other than the minor disclosure amendments noted below).

## Disclosure amendments

Following the audit a number of adjustments were made to disclosure notes. The significant ones were:

Note 1 Accounting policies and other information – this section has been updated to remove accounting policies that are not relevant to the Trust.

Note 1.29 Critical judgements in applying accounting policies – this note has been updated to reference the implementation of IFRS 16.

Note 1.30 Sources of estimation uncertainty – this note has been updated to remove provisions and the provision for impairment of receivables as they are not deemed to be sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount next year. The note has also been updated to include the carrying value of the estimates included.

Note 10 pension costs – the note has been amended to include the expected contributions for the next reporting period.

Note 38 Other financial commitments – the disclosure has been updated to correct the value of commitments due not later than one year from £17,950k to £18,057k and commitments due after one year and not later than five years from £9,722k to £9,982k.

Note 43 Related parties – the disclosure has been updated to include transactions with the charitable fund.

Note 46 Events after the reporting period – the disclosure has been updated to reflect that the Agenda for Change pay offer is an adjusting post balance sheet event.

Note 48 External financing limit – the note has been updated to include the external financing limit notified to the Trust.

Disclosure notes – various disclosures with nil values have been removed from the accounts to consolidate the information shown and improve clarity.

Remuneration report senior officer's remuneration – the salary banding for one officer has been corrected and the pensions bandings for a further three officers have also been amended.

Remuneration report fair pay disclosure – the disclosure has been updated to include an explanation for the change in ratios between the prior year and current year.

Remuneration report fair pay disclosure – a small number of minor amendments have been made to the remuneration report disclosures to make them compliant with the GAM.

In addition to the above we identified a small number of minor presentational issues during our audit of the financial statements and the 'subject to audit' sections of the Annual Report and these have all been amended by the Trust.

# 07

Section 07:

**Value for Money**

# 7. Value for Money

## Approach to Value for Money

We are required to consider whether the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:

- **Financial sustainability** - How the Trust plans and manages its resources to ensure it can continue to deliver its services
- **Governance** - How the Trust ensures that it makes informed decisions and properly manages its risks
- **Improving economy, efficiency and effectiveness** - How the Trust uses information about its costs and performance to improve the way it manages and delivers its services

At the planning stage of the audit, we undertake work to understand the arrangements that the Trust has in place under each of the reporting criteria and we identify risks of significant weaknesses in those arrangements. Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest significant weaknesses in arrangements exist.

We have identified no risks of significant weaknesses in arrangements in our work to date.

Where our risk-based procedures identify actual significant weaknesses in arrangements we are required to report these and make recommendations for improvement. Where such significant weaknesses are identified, we report these in the audit report by exception

The primary output of our work on the Trust's arrangements is the commentary on those arrangements that forms part of the Auditor's Annual Report. We intend to issue the Auditor's Annual Report by the end of July 2023.

## Status of our work

We are yet to complete our work in respect of the Trust's arrangements for the year ended 31 March 2023. At the time of preparing this report, we have not identified any significant weaknesses in arrangements that require us to make a recommendation, however we continue to undertake work on the Trust's arrangements.

Our draft audit report at Appendix B outlines that we have not yet completed our work in relation to the Trust's arrangements. As noted above, our commentary on the Trust's arrangements will be provided in the Auditor's Annual Report in July 2023.

# Appendices

A: Draft management representation letter

B: Draft auditor's report

C: Independence

D: Other communications

# Appendix A: Draft management representation letter

Alastair Newall  
Mazars LLP  
One St Peter's Square  
Manchester  
M2 3DE

Dear Alastair,

## **Leeds Community Healthcare NHS Trust - audit for year ended 31 March 2023**

This representation letter is provided in connection with your audit of the financial statements of Leeds Community Healthcare NHS Trust for the year ended 31 March 2023 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the DHSC Group Accounting Manual. I confirm that the following representations are made based on enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

### **My responsibility for the financial statements and accounting information**

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the DHSC Group Accounting Manual and relevant legislation and International Financial Reporting Standards (IFRS) as adapted and adopted by HM Treasury.

### **My responsibility to provide and disclose relevant information**

I have provided you with:

- access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the, Trust, you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Accountable Officer that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information. As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

### **Accounting records**

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Board and relevant committee meetings, have been made available to you.

# Appendix A: Draft management representation letter

## Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with DHSC Group Accounting Manual and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Trust and Group's financial position, financial performance and cash flows.

## Accounting estimates, including those measured at fair value

I confirm that any significant assumptions used by the Trust in making accounting estimates, including those measured at fair value, are reasonable.

## Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired, or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Trust have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the DHSC Group Accounting Manual and relevant legislation and IFRSs as adapted and adopted by HM Treasury.

## Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

We have complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

## Fraud and error

I acknowledge my responsibility as Accountable Officer for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;

# Appendix A: Draft management representation letter

- all knowledge of fraud or suspected fraud affecting the Trust involving;
  - management and those charged with governance;
  - employees who have significant roles in internal control; and
  - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Trust's financial statements communicated by employees, former employees, analysts, regulators or others.

## **Related party transactions**

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the DHSC Group Accounting Manual and relevant legislation and IFRSs as adopted by HM Treasury.

I have disclosed to you the identity of the Trust's related parties and all related party relationships and transactions of which I am aware.

## **Impairment review**

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment and intangible assets below their carrying value at the statement of financial position date. An impairment review is therefore not considered necessary.

## **Charges on assets**

All the Trust's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

## **Future commitments**

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

## **Subsequent events**

I confirm all events subsequent to the date of the financial statements and for which the Group Accounting Manual, relevant legislation and IFRSs require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

# Appendix A: Draft management representation letter

**Going concern**

To the best of my knowledge there is nothing to indicate that the Trust will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

I have updated our going concern assessment in light of the Covid-19 pandemic. I continue to believe that the Trust's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that there will be continuity of services. We believe that no further disclosures relating to the Trust's ability to continue as a going concern need to be made in the financial statements.

**Other matters**

- I confirm that I have assessed the impact of the COVID-19 virus pandemic on the Trust and the financial statements, including the impact of mitigation measures and uncertainties, and are satisfied that the financial statements and supporting notes fairly reflect that assessment.
- I confirm that I have assessed the potential impact of Russian Forces entering Ukraine on the Trust, including the impact of mitigation measures and uncertainties, and are satisfied that the financial statements and supporting notes fairly reflect that assessment.
- I confirm that I have assessed the impact on the Trust, of the on-going Global Banking challenges, whether there is any impact on the company's ability to continue as a going concern, and on the post balance sheet events disclosures. I confirm that our exposure (either direct cash exposure or direct / indirect through investments) with Silicon Valley Bank, Credit Suisse, Signature Bank or any other bank in a distress situation, is not material.

**Unadjusted misstatements**

I confirm that the effects of any uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this letter as an Appendix. *Insert appendix of unadjusted misstatements.*

Yours sincerely

Accountable Officer.....

# Appendix B: Draft audit report

## Independent auditor's report to the Directors of Leeds Community Healthcare NHS Trust

### Report on the audit of the financial statements

#### Opinion on the financial statements

We have audited the financial statements of Leeds Community Healthcare NHS Trust ('the Trust') for the year ended 31 March 2023, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity, the Statement of Cash Flows, and notes to the financial statements, including the summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards as interpreted and adapted by HM Treasury's Financial Reporting Manual 2022/23 as contained in the Department of Health and Social Care Group Accounting Manual 2022/23, and the Accounts Direction issued by the Secretary of State with the approval of HM Treasury as relevant to NHS Trusts in England.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2023 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with the Department of Health and Social Care Group Accounting Manual 2022/23; and
- have been properly prepared in accordance with the requirements of the National Health Service Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, and taking into account the requirements of the Department of Health and Social Care Group Accounting Manual, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

#### Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Responsibilities of the Directors and the Accountable Officer for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. The Directors are required to comply with the Department of Health and Social Care Group Accounting Manual 2022/23 and prepare the financial statements on a going concern basis, unless the Trust is informed of the intention for dissolution without transfer of services or function to another public sector entity. The Directors are responsible for assessing each year whether or not it is appropriate for the Trust to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

# Appendix B: Draft audit report

As explained in the Statement of the Chief Executive's Responsibilities as the Accountable Officer of the Trust, the Accountable Officer is responsible for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Accountable Officer is responsible for ensuring that the financial statements are prepared in a format directed by the Secretary of State.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Trust, we identified that the principal risks of non-compliance with laws and regulations related to the National Health Service Act 2006 (as amended by the Health and Social Care Act 2012), and we considered the extent to which non-compliance might have a material effect on the financial statements.

We evaluated the Accountable Officer's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- discussing with management and the Audit Committee the policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Trust which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Audit Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Audit Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

We are also required to conclude on whether the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the Comptroller and Auditor General in April 2021.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Report on the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources

### Matter on which we are required to report by exception

We are required to report to you if, in our opinion, we are not satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We have not completed our work on the Trust's arrangements. On the basis of our work to date, having regard to the guidance issued by the Comptroller and Auditor General in January 2023, we have not identified any significant weaknesses in arrangements for the year ended 31 March 2023.

# Appendix B: Draft audit report

We will report the outcome of our work on the Trust's arrangements in our commentary on those arrangements within the Auditor's Annual Report. Our audit completion certificate will set out any matters which we are required to report by exception.

## Responsibilities of the Accountable Officer

As explained in the Statement of the Chief Executive's Responsibilities as the Accountable Officer of the Trust, the Accountable Officer is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of the Trust's resources.

## Auditor's responsibilities for the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under section 21 of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, and to report where we have not been able to satisfy ourselves that it has done so. We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023.

## Report on other legal and regulatory requirements

### Opinion on other matters prescribed by the Code of Audit Practice

In our opinion:

- the parts of the Remuneration and Staff Report subject to audit have been properly prepared in accordance with the Accounts Direction made under the National Health Service Act 2006; and
- the other information published together with the audited financial statements in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we are required to report by exception under the Code of Audit Practice

We are required to report to you if:

- in our opinion the Annual Governance Statement does not comply with the guidance issued by NHS England; or

- we refer a matter to the Secretary of State under section 30 of the Local Audit and Accountability Act; or
- we issue a report in the public interest under section 24 and schedule 7(1) of the Local Audit and Accountability Act 2014; or
- we make a written recommendation to the Trust under section 24 and schedule 7(2) of the Local Audit and Accountability Act 2014.

We have nothing to report in respect of these matters.

## Use of the audit report

This report is made solely to the Board of Directors of Leeds Community Healthcare NHS Trust, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the Directors of the Trust those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Directors of the Trust, as a body, for our audit work, for this report, or for the opinions we have formed.

## Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Alastair Newall, Key Audit Partner

For and on behalf of Mazars LLP

One St Peter's Square

Manchester

M2 3DE

XX June 2023

# Appendix C: Independence

As part of our ongoing risk assessment we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We can confirm that no new threats to independence have been identified since issuing the Audit Strategy Memorandum and therefore we remain independent.

# Appendix D: Other communications

Other communication	Response
<b>Compliance with Laws and Regulations</b>	We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations. We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.
<b>External confirmations</b>	We did not experience any issues with respect to obtaining external confirmations.
<b>Related parties</b>	<p>We did not identify any significant matters relating to the audit of related parties.</p> <p>We will obtain written representations from management confirming that:</p> <ul style="list-style-type: none"> <li>a. they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and</li> <li>b. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.</li> </ul>
<b>Going Concern</b>	<p>We have not identified any evidence to cause us to disagree with the Audit Committee that Leeds Community Healthcare NHS Trust will be a going concern, and therefore we consider that the use of the going concern assumption is appropriate in the preparation of the financial statements.</p> <p>We will obtain written representations from management, confirming that all relevant information covering a period of at least 12 months from the date of approval of the financial statements has been taken into account in assessing the appropriateness of the going concern basis of preparation of the financial statements.</p>

# Appendix D: Other communications

Other communication	Response
<p><b>Subsequent events</b></p>	<p>We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor’s report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework.</p> <p>We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.</p>
<p><b>Matters related to fraud</b></p>	<p>We have designed our audit approach to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. In addition to the work performed by us, we will obtain written representations from management, and where appropriate the Audit Committee, confirming that</p> <ul style="list-style-type: none"> <li>a. they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud;</li> <li>b. they have disclosed to the auditor the results of management’s assessment of the risk that the financial statements may be materially misstated as a result of fraud;</li> <li>c. they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving:               <ul style="list-style-type: none"> <li>i. management;</li> <li>ii. employees who have significant roles in internal control; or</li> <li>iii. others where the fraud could have a material effect on the financial statements; and</li> </ul> </li> <li>d. they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity’s financial statements communicated by employees, former employees, analysts, regulators or others.</li> </ul>

# Alastair Newall – Director – Public and Social Sector

## Mazars

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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services\*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

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