

# Annual Audit Letter

Oxfordshire and Buckinghamshire  
Mental Health NHS Foundation Trust

Audit 2008/09

October 2009



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## Status of our reports

The Engagement Letter issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by engagement leads are addressed to governors, members, non-executive directors, directors or officers and are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any governor, member, non-executive director, director or officer in their individual capacity; or
  - any third party.
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# Key messages

**This report summarises the findings from our 2008/09 audit. It includes messages arising from the audit of your financial statements and the results of the work I have undertaken to satisfy myself that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.**

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## Audit Opinion

- 1 I issued an unqualified opinion on the financial statements on 5 June 2009.

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## Financial Statements

- 2 There were no errors identified in the financial statements. The audit progressed well and matters arising were resolved promptly with management. The few agreed amendments to the financial statements relate to presentation and disclosures to ensure the requirements of the Financial Reporting Manual (FRoM) have been met. In common with other trusts, management also agreed a material adjustment to reflect the reduction in asset values during the year.

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## Value for money

- 3 My review did not identify any matter that would indicate the Trust did not have in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

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## Independence

- 4 I can confirm that the audit has been carried out in accordance with the Audit Commission's policies on integrity, objectivity and independence.

# Financial statements and Statement on Internal Control

The Trust's financial statements and Statement on Internal Control are an important means by which the Trust accounts for its stewardship of public funds.

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## Significant issues arising from the audit

- 5 This was the first audit under the new arrangements for foundation trusts. As in previous years this was a well-run and efficient process at the Trust.
  - 6 I am required to report to the Audit Committee all errors arising at audit greater than 1 per cent of our audit materiality level (of £1.5million). There were no errors arising from the audit to report. The only issue arising was that the reported values for tangible fixed assets in the draft financial statements submitted for audit were based upon an estate valuation prepared as at 1 April 2008. In discussion with management, and on advice from the District Valuer, a change to the draft accounts was agreed to reflect the general movement in land and buildings values during 2008/09. The draft financial statements were adjusted by management.
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## Material weaknesses in internal control

- 7 Internal control refers to the processes and arrangements the Trust has in place to ensure there are effective arrangements to ensure the correct and accurate processing of financial and other information and to safeguard the assets of the Trust. I did not identify any significant weaknesses in your internal control arrangements.
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## Accounting Practice and financial reporting

- 8 I considered the qualitative aspects of your financial reporting. There were no significant issues to bring to your attention. The agreed amendments made to the financial statements related to minor presentational and disclosure points to ensure the requirements of the Financial Reporting Manual (FReM) were met. These reflected the fact this was the first year the Trust, as a foundation trust, was required to prepare the financial statements in accordance with the FReM and do not reflect any concerns about the quality of the financial statements or the basis of their preparation.

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### IFRS implementation: Stage 1 review

- 9 Implementation of International Financial Reporting Standards (IFRS) represents a significant change in the amount of information the Trust will be required to disclose in its financial statements. Our review of the Trust's arrangements for the implementation of IFRS identified it was at an advanced stage. The Trust had identified the necessary adjustments to its restated 2008/09 figures. The 'amber' assessment was only due to uncertainty at the time of the review on central guidance on the treatment of PFI schemes. As there is a material change we assessed as 'amber'. Until we conclude our assessment of IFRS transition including PFI impacts as part of our 2009/10 audit our overall assessment was 'amber' even though all other arrangements are 'green'.

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# Securing economy, efficiency and effectiveness

I undertook work to satisfy myself that the Trust has made proper arrangements for securing economy, efficiency and effectiveness (the '3 Es') in its use of resources.

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## Use of resources

- 10** I am required to conclude whether the Trust put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. In doing so, I am required to consider:
- my audit work on the Trusts' annual Statement on Internal Control as part of the audit of the financial statements; and
  - the results of the work of regulatory bodies such as the Care Quality Commission.
- 11** My review did not identify any matter that would lead me to believe that the Trust did not have in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

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## Work mandated by the Care Quality Commission

- 12** We did not carry out any additional work mandated by the Care Quality Commission as part of our 2008/09 audit.

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## Additional services

- 13** The Trust has been a key member in the development of the national mental health benchmarking club run by the Audit Commission. The club now covers 90 per cent of mental health provider trusts. The findings have been used by the Trust to provide assurance that the overall arrangements for service delivery are operating effectively when compared against other trusts.

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# Closing remarks

- 14** I discussed and agreed this letter with the Chief Executive and the Director of Finance. I presented this letter at the Audit Committee on 29 September 2009 and will provide copies to all board and council members.
- 15** The fee for our audit in 2008/09 was £57,500 and no supplementary fee was required. This fee is based on an annual engagement. We have agreed a reduced rate for an engagement term of three years 2008/09 to 2010/11 which will apply once this term of appointment has been formally agreed by the Trust.
- 16** Further detailed findings, conclusions and recommendations in the areas covered by our audit are included in the reports issued to the Trust during the year.

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**Table 1**      **Reports issued during our 2008/09 audit**

Our audit findings are contained in this letter and the Annual Governance Report

| Report                                                            | Date issued  |
|-------------------------------------------------------------------|--------------|
| Annual Governance Report                                          | June 2009    |
| Implementing IFRS: Stage 1 arrangements review                    | July 2009    |
| Mental health benchmarking – report on the third data collection  | October 2008 |
| Mental health benchmarking – report on the fourth data collection | April 2009   |

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- 17** The Trust has taken a positive and constructive approach to our audit. I wish to thank the Trust staff for their support and co-operation during the audit.

Philip Sharman  
Engagement Lead  
October 2009

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# The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

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