

# Brighton and Sussex University Hospitals NHS Trust Charitable Fund

Audit Results Report for the year ended 31 March 2014

January 2015

Ernst & Young LLP



Building a better  
working world

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Brighton and Sussex University Hospitals NHS Trust Charitable Fund  
Royal Sussex County Hospital  
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BN2 5BE

xx January 2015

Dear Trustees

## **Audit results report**

We are pleased to attach our audit results report for the forthcoming meeting of the Charitable Funds Committee. This report summarises our preliminary audit conclusion in relation to Brighton and Sussex University Hospitals NHS Trust Charitable Fund financial position and results of operations for year ended 31 March 2014.

The audit is designed to express an opinion on the 2013/14 financial statements, and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on the Trust's accounting policies and judgments and any significant deficiencies in internal control.

This report is intended solely for the information and use of the Charitable Funds Committee and the Corporate Trustee. It is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss the contents of this report with you at the Charitable Funds Committee meeting scheduled on 19 January 2015.

Yours faithfully  
For and on behalf of Ernst & Young LLP

Paul King  
Ernst & Young LLP  
United Kingdom  
Enc.

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## Contents

<b>1. Overview of the financial statement audit .....</b>	<b>1</b>
<b>2. Scope update .....</b>	<b>3</b>
<b>3. Significant findings from the financial statement audit .....</b>	<b>4</b>
<b>4. Control themes and observations.....</b>	<b>7</b>
<b>5. Fees update.....</b>	<b>10</b>
<b>6. Summary of audit differences .....</b>	<b>11</b>
<b>7. Independence confirmation: update.....</b>	<b>12</b>
<b>Appendix A Required communications with the Charitable Funds Committee.....</b>	<b>13</b>
<b>Appendix B Draft Letter of representation.....</b>	<b>16</b>

In April 2014 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and audited bodies' (Statement of responsibilities). It is available from the Chief Executive of each audited body and via the [Audit Commission's website](#).

The Statement of responsibilities serves as the formal terms of engagement between the Audit Commission's appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The Standing Guidance serves as our terms of appointment as auditors appointed by the Audit Commission.

The Standing Guidance sets out additional requirements that auditors must comply with, over and above those set out in the Code of Audit Practice 2010 (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Results Report is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

**Our Complaints Procedure** – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

# 1. Overview of the financial statement audit

The Trustee is responsible for preparing and publishing its Statement of Accounts.

As auditors we are responsible for expressing an opinion on the 2013/14 financial statements.

In addition, this report contains our findings relating to the areas of audit emphasis, our views on the Charity's accounting policies and judgements and material internal control findings.

Summarised below are the conclusions from all elements of our work:

## 1.1 Financial statements

Following the performance of the procedures outlined in our Audit Plan, we anticipate issuing an unqualified opinion on the Charity's financial statements.

Our main findings in relation to the areas of risk and audit emphasis included in our Audit Plan are set out below.

### Significant risks and areas of audit emphasis highlighted in our audit plan: Audit findings and conclusions

---

#### Risk of Management override

- ▶ We have not identified any evidence of management override from the procedures undertaken during our audit.
- 

#### Investment Assets

- ▶ We verified the closing valuations to independent external sources.
  - ▶ We reviewed the calculation of the gains and losses, identifying no issues.
- 

#### Incoming Resources

- ▶ We tested the disclosed income and its classification, noting no issues.
  - ▶ Testing of completeness, including legacies, also identified no issues
- 

#### Resources Expended

- ▶ We have completed the testing of expenditure and its classification within the SOFA.
  - ▶ Testing of cut-off identified two items that had been included in the incorrect year, however these items net off to a below our nominal amount. Please see control themes and observations for further comments on this area.
  - ▶ No other issues have been identified from expenditure testing.
- 

## 1.2 Control themes and observations

Our audit identified the following control issues that we are bringing to your attention.

### Current year observations

- ▶ From our testing of expenditure cut-off we recommend that year end procedures are enhanced to ensure that invoices received around the year end are accounted for in the correct year.
- 

### Update on previous recommendations

- ▶ We were pleased to note no repeat of the issues we highlighted for improvement in prior years.

**Summary of audit differences**

Our audit identified a small number of misstatements in the financial statements presented for audit. In our judgement none of these were of sufficient impact to bring to your attention.

## 2. Scope update

Our 2013/14 audit work has been undertaken in accordance with the Audit Plan that we issued on 15 December 2014 and is conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

Our work comprises a number of elements. In our Audit Plan, we provided you with an overview of our audit scope and approach for the audit of the financial statements.

We carried out our work in accordance with our Audit Plan.

### 3. Significant findings from the financial statement audit

In this section of our report, we outlined the main findings from our audit of your financial statements, including our conclusions in relation to the areas of audit emphasis outlined in our Audit Plan.

#### Significant risk: Risk of management override

Description	Findings and conclusion
<p>As identified in ISA (UK &amp; Ireland) 240, management is in a unique position to perpetrate fraud because of their ability to directly or indirectly manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.</p> <p>We planned to:</p> <ul style="list-style-type: none"> <li>▶ Test the appropriateness of journal entries and other adjustments made in the preparation of the financial statements;</li> <li>▶ Review accounting estimates for evidence of management bias; and</li> <li>▶ Evaluate the business rationale for significant unusual transactions.</li> </ul>	<p>We identified no indications of management bias through our work.</p>

#### Area of emphasis 1 – Investment assets

Description and conclusion	Findings and conclusion
<p>The investment assets of the charity are the largest element of the balance sheet.</p> <p>We planned to:</p> <ul style="list-style-type: none"> <li>▶ verify the closing valuations by testing to independent sources; and</li> <li>▶ review the disclosed gain or loss on disposal or revaluation.</li> </ul>	<ul style="list-style-type: none"> <li>▶ We verified the closing valuations to independent external sources.</li> <li>▶ We reviewed the calculation of the gains and losses, identifying no issues.</li> </ul>

#### Area of emphasis 2 – incoming resources

Description	Findings and conclusion
<p>The charity's income is derived from donations, legacies and other income.</p> <p>We planned to:</p> <ul style="list-style-type: none"> <li>▶ substantively test the recorded income, including its classification in the SOFA.</li> <li>▶ review the completeness of the income by cut-off testing of receipts recorded after the balance sheet date, and reviewing the legacy register and correspondence</li> </ul>	<ul style="list-style-type: none"> <li>▶ We tested the disclosed income and its classification, noting no issues.</li> <li>▶ Testing of completeness, including legacies, also identified no issues.</li> </ul>

**Area of emphasis 3 – resources expended**

Description	Findings and conclusion
<p>The charity's expenditure is derived mainly from charitable activities and administration costs.</p> <p>We planned to:</p> <ul style="list-style-type: none"> <li>▶ substantively test the recorded expenditure, including its classification in the SOFA.</li> <li>▶ review the completeness of the expenditure by cut-off testing of payments recorded after the balance sheet date</li> </ul>	<p><b>Substantive testing of recorded amounts.</b></p> <ul style="list-style-type: none"> <li>▶ We tested the disclosed expenditure and its classification, noting no issues.</li> <li>▶ Testing of completeness of expenditure through cut-off testing identified two items that had been recorded in the incorrect year. As the values of these items net off to an immaterial error no adjustment has been made to the SOFA. An adjustment has been made of £5k to the creditor balance and to the debtor balance. Please see our comment in Control themes and Observation section 4.</li> </ul>

**Other reporting issues**

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we are required to report on other matters if identified during our audit. We have the following matters and observations to bring to your attention.

Policy/practice/finding	EY comments
<p>We reviewed the draft financial statements identifying that the reserves held by the Charity are well in excess of the expenditure made on an annual basis.</p>	<p>The Charitable Fund Committee should review the level of funds held and make an assessment as to whether levels held are reasonable. We are aware that spending plans have been requested for a number of funds and this should be encouraged to ensure that resources are being spent to meet the Charity's objectives.</p> <p>The Charity should be proactively managing its reserves to ensure that there is no unnecessary build up.</p>
<p>We reviewed the draft annual report and there was no mention of the level of reserves held and the reason for those reserves to be held. This is a legal requirement under the Charities (Accounts and Reports) Regulations 2008 (SI 2008 No.629).</p>	<p>A disclosure has now been made of the level of reserves held and an explanation as to why those reserves have been held.</p>
<p>As part of our overall review of the draft financial statements we noted that transfers from unrestricted to restricted have been disclosed.</p>	<p>We are satisfied that the transfers made in 2013/14 are actual changes to the designation of funds. However, we note that the current processes adopted have the potential to result in internal earmarking of funds for a particular purpose to be disclosed as a transfer from unrestricted to restricted</p>

**Policy/practice/finding**

**EY comments**

	<p>funds in the financial statements. Where funds are received as unrestricted they can be internally earmarked for a particular project and designated as a separate fund. The designation has an administrative purpose only, and does not legally restrict the trustees' discretion to spend and therefore should not affect the disclosure of how funds are designated as disclosed in the financial statements.</p>
<p>Accrued expenditure of £94,748 in relation to a benefit in kind provision has made in the financial statements for an expected voluntary disclosure to HMRC for staff who have received entertainment benefits from the Charity. The accrual was first created in 2011/12 and has increased for the last two years. The Charity believes that the voluntary disclosure will be made by the end of 2014/15 and it therefore remains correct to disclose the item as a short term liability in the financial statements.</p>	<p>We have sought management representations from the Charity to confirm that to the best of its knowledge the liability will be settled in 2014/15 and that it is therefore appropriate to account for this as a current liability in the 2013/14 financial statements.</p> <p>We note the significant delay in determining the final disclosure needed to HMRC. This potentially puts the Charity and staff at risk of not being compliant with the need to make accurate, complete and timely returns to HMRC. We therefore recommend that the voluntary disclosure is now made as soon as reasonably possible.</p> <p>We have seen communication between KPMG and management which suggests KPMG's work will be completed prior to the end of 2014/15 and that a disclosure document will be submitted shortly.</p>

## 4. Control themes and observations

As part of our work, we obtained an understanding of internal control 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 you significant deficiencies in internal control identified during our audit.

The matters reported below are limited to those deficiencies that we identified during the audit and that we concluded are of sufficient importance to merit being reported to you.

### 4.1 Current year observations

Description	Impact
<p>From our testing of expenditure cut off we identified two transactions that had been included in the incorrect year. One item had been included in 2013/14 but related to expenditure in 2014/15 and one item has been recorded in 2014/15 but related to expenditure in 2013/14.</p> <p>This identifies a control weakness in regards to expenditure recognition as part of the accounts preparation process. The value of the net errors identified was immaterial for financial statement purposes however we would like to bring this to your attention.</p>	<p>We recommend processes should be put in place by the finance team to review expenditure invoices received around the year to ensure that they have been recorded in the correct year.</p>

### 4.2 Status of previous year's recommendations

In our 2012-13 audit we did not identify any significant deficiencies in internal control, but highlighted some issues for improvement. We set out the updated position on our prior year recommendations from our 2013-14 audit, below.

Description	Impact
<p><b>Trustee Training</b></p> <p>Training on the requirements of the Trustee Act 2000, Charities Act 1993 and Charities Act 2006, and relevant guidance should be provided to members of the Charitable Funds Committee so that members are aware of what is required of them and the Committee can function in line with good practice.</p>	<p>Charitable Funds Committee ToR, membership and functioning have been revised to reflect Charity Commission guidance on governance of NHS charities.</p>
<p><b>Charitable Funds Committee Terms of Reference (ToR)</b></p> <p>The revised ToR for the Charitable Funds Committee should also include:</p> <ul style="list-style-type: none"> <li>• Financial controls over income;</li> <li>• Management of charitable fund risks; and</li> <li>• Reporting to its Audit Committee.</li> </ul> <p>The purpose of the Trust's Charitable Fund Committee (CFC) and its ToR should be included in the Trust's Rules of Procedure. This will clarify both the statutory role of the Trust Board, as Corporate Trustee, and the corporate governance arrangements it has put in place.</p>	<p>Financial control is incorporated into the ToR. Risks to the Charity are disclosed in the main BSUHT Risk Register. The Audit Committee has agreed to review the Charity controls at its next meeting.</p>
<p><b>Annual Charitable Funds Committee work programme</b></p> <p>An annual work programme should be produced for the Charitable Funds Committee and its Audit Committee detailing standard agenda items and reports for each quarterly meeting so that officers and members are clear as to what is required and when. This will give the Committees assurance that they are fully covering their Terms of Reference and that there is proper governance over the Charitable Funds.</p>	<p>Charity Committee ToR will be incorporated in the Rules of Procedure which will be submitted to the Board for approval in February, and, as with other Board Committees, will include programme of reports.</p>

### 4.3 Financial statement audit

Our audit work in respect of our opinion on the Charity's financial statements is substantially complete. The following items relating to the completion of our audit procedures were outstanding at the date of this report.

Item	Actions to resolve	Responsibility
Letter of representation	To be tabled at Charitable Funds Committee on 19 January 2015.	Management and Charitable Funds Committee
Annual report and accounts	<ul style="list-style-type: none"> <li>▶ Incorporation of EY review comments</li> <li>▶ Review and recommendation of the accounts by Charitable Funds Committee, and then approval by the Corporate Trustee (the NHS Foundation Trust Board)</li> </ul>	Management, Charitable Funds Committee, and Corporate Trustee.

On the basis of our work performed to date, we anticipate issuing an unqualified auditor's report in respect of the Charity's financial statements. However, until we have completed our outstanding procedures, it is possible that further matters requiring amendment may arise.

## 5. Fees update

A breakdown of our agreed fee is shown below.

	Proposed final fee 2013/14 £	Planned fee 2013/14 £
<b>Total Audit Fee</b>	<b>6,300</b>	6,300
Non-audit work	0	0

All fees exclude VAT.

Our actual fee is in line with the agreed fee.

## 6. Summary of audit differences

In the normal course of any audit, we identify differences between amounts we believe should be recorded in the financial statements and amounts actually recorded. These differences are classified as either 'factual' or 'judgemental'. Factual differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

As at the date of writing this report:

- ▶ There are no misstatements corrected by management, that we believe would be required to be brought to your attention; and.
- ▶ There were no uncorrected misstatements

## 7. Independence confirmation: update

We confirm there are no changes in our assessment of independence since our confirmation in our Audit Plan of 15 December 2014. We complied with the Auditing Practice's Board's Ethical Standards for Auditors and the requirements of the Standing Guidance and in our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.

We consider that our independence in this context is a matter that should be reviewed by both you and ourselves. It is therefore important that you consider the facts of which you are aware and come to a view. If you wish to discuss any matters concerning our independence, we will be pleased to do so at the forthcoming meeting of the Charitable Fund Committee on 19 January 2015.

## Appendix A Required communications with the Charitable Funds Committee

There are certain communications that we must provide to the Charitable Funds Committee. These are detailed here:

Required communication	Reference
<p><b>Terms of engagement</b></p>	The Statement of responsibilities serves as the formal terms of engagement between the Audit Commission's appointed auditors and audited bodies.
<p><b>Planning and audit approach</b></p> <p>Communication of the planned scope and timing of the audit including any limitations.</p>	Audit Plan
<p><b>Significant findings from the audit</b></p> <ul style="list-style-type: none"> <li>▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li> <li>▶ Significant difficulties, if any, encountered during the audit</li> <li>▶ Significant matters, if any, arising from the audit that were discussed with management</li> <li>▶ Written representations that we are seeking</li> <li>▶ Expected modifications to the audit report</li> <li>▶ Other matters if any, significant to the oversight of the financial reporting process</li> </ul>	Audit results report
<p><b>Misstatements</b></p> <ul style="list-style-type: none"> <li>▶ Uncorrected misstatements and their effect on our audit opinion</li> <li>▶ The effect of uncorrected misstatements related to prior periods</li> <li>▶ A request that any uncorrected misstatement be corrected</li> <li>▶ In writing, corrected misstatements that are significant</li> </ul>	Audit results report
<p><b>Fraud</b></p> <ul style="list-style-type: none"> <li>▶ Enquiries of the Charitable Funds Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity</li> <li>▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist</li> <li>▶ A discussion of any other matters related to fraud</li> </ul>	Enquiry made to the committee Chairman, and response received. No issues to report.
<p><b>Related parties</b></p> <p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> <li>▶ Non-disclosure by management</li> <li>▶ Inappropriate authorisation and approval of transactions</li> <li>▶ Disagreement over disclosures</li> </ul>	No issues to report

Required communication	Reference
<ul style="list-style-type: none"><li>▶ Non-compliance with laws and regulations</li><li>▶ Difficulty in identifying the party that ultimately controls the entity</li></ul>	
<b>External confirmations</b>	No issues to report
<ul style="list-style-type: none"><li>▶ Management's refusal for us to request confirmations</li><li>▶ Inability to obtain relevant and reliable audit evidence from other procedures</li></ul>	

Required communication	Reference
<p><b>Consideration of laws and regulations</b></p> <ul style="list-style-type: none"> <li>▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off</li> <li>▶ Enquiry of the Charitable Funds Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Charitable Funds Committee may be aware of</li> </ul>	<ul style="list-style-type: none"> <li>▶ Audit Results Report.</li> <li>▶ Enquiry made to the committee Chairman, and response received. No issues to report.</li> </ul>
<p><b>Independence</b></p> <p>Communication of all significant facts and matters that bear on EY's objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> <li>▶ The principal threats</li> <li>▶ Safeguards adopted and their effectiveness</li> <li>▶ An overall assessment of threats and safeguards</li> <li>▶ Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul>	<p>Audit Plan and update in section 7 of this report</p>
<p><b>Going concern</b></p> <p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> <li>▶ Whether the events or conditions constitute a material uncertainty</li> <li>▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li> <li>▶ The adequacy of related disclosures in the financial statements</li> </ul>	<p>No issues to report</p>
<p><b>Significant deficiencies in internal controls identified during the audit</b></p>	<p>Audit results report</p>
<p><b>Fee reporting</b></p> <ul style="list-style-type: none"> <li>▶ Final and planned fee</li> </ul>	<p>Audit Plan and Audit Results Report</p>

## Appendix B Draft Letter of representation

Dear Sirs

This representation letter is provided in connection with your audit of the financial statements of Brighton and Sussex Universities Hospitals NHS Trust Charitable Funds (“the Charity”) for the year ended 31 March 2014.

We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the financial position of Brighton and Sussex Universities Hospitals NHS Trust Charitable Funds as of 31 March 2014 and of its financial performance for the year then ended in accordance with Accounting and reporting by Charities; Statement of Recommended Practice (SORP 2005), issued in March 2005 and applicable UK Accounting Standards and Charities Act 1993 and 2006.

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK and Ireland), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose – all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

### **Financial Statements and Financial Records**

1. We have fulfilled our responsibilities, as set out in the financial statements, for the preparation of the financial statements in accordance with Accounting and reporting by Charities; Statement of Recommended Practice (SORP 2005), issued in March 2005 and applicable UK Accounting Standards and Charities Act 1993 and 2006.
2. We acknowledge, as members of the corporate trustee, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance and cash flows of the Charity in accordance with Accounting and reporting by Charities; Statement of Recommended Practice (SORP 2005), issued in March 2005 and applicable UK Accounting Standards and Charities Act 1993 and 2006 and are free of material misstatements, including omissions. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. As members of the corporate trustee of the Charity, we believe that the Charity has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with Accounting and reporting by Charities; Statement of Recommended Practice (SORP 2005), issued in March 2005 and applicable UK Accounting Standards and Charities Act 1993 and 2006 are free from material misstatement, whether due to fraud or error.
5. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We have therefore not corrected these differences.

## **Fraud**

1. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
2. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
3. We have no knowledge of any fraud or suspected fraud involving management or other employees who have a significant role in the Charity's internal controls over financial reporting. In addition, we have no knowledge of any fraud or suspected fraud involving other employees in which the fraud could have a material effect on the financial statements. We have no knowledge of any allegations of financial improprieties, including fraud or suspected fraud, (regardless of the source or form and including without limitation, any allegations by "whistleblowers") which could result in a misstatement of the financial statements or otherwise affect the financial reporting of the Charity.

## **Compliance with Laws and Regulations**

1. We have disclosed to you all known actual or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.

## **Information Provided and Completeness of Information and Transactions**

1. We 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 matters as agreed in terms of the audit engagement.
  - Additional information that you have requested from us for the purpose of the audit and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have made available to you all minutes of the meetings of trustees and sub-committees of trustees (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: **XXXXXXX**.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Charity's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the year end. These transactions have been appropriately accounted for and disclosed in the financial statements.
5. We have disclosed to you, and the Charity has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of

non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

### **Liabilities and Contingencies**

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related litigation and claims, both actual and contingent. No guarantees have been given to third parties.

### **Specific Representation:**

In connection with your audit of the creditors balance included within the financial statements year ending 31 March 2014, we represent to the best of our knowledge and belief, the following:

1. The accrued expenditure of £94,748 in relation to a benefit in kind provision made in the financial statements for an expected voluntary disclosure to HMRC for staff who have received entertainment benefits from the Charity. The accrual was first created in 2011/12 and has increased for the last two years, and each year we expected the voluntary disclosure to be made, hence the disclosure as a current liability. We believe that the voluntary disclosure will be made by the end of 2014/15 and therefore the inclusion of this provision as current is correct to the best of our knowledge.

### **Subsequent Events**

1. There have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

### **Accounting estimates**

1. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

### **Restricted and Endowed Funds**

1. We have identified whether any income or assets received is for restricted or endowed purposes. In such cases this income/these assets have been ring fenced and matched with related expenditure and disclosed separately as such funds in the financial statements.

### **Ownership of investment assets**

1. The Charity has satisfactory title to all assets appearing in the balance sheet(s), and there are no liens or encumbrances on the Charity's assets, nor has any asset been pledged as collateral. All assets to which the Charity has satisfactory title appear in the balance sheet(s).
2. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts.

### **Contingent Liabilities**

1. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss (other than those disclosed or accrued in the financial statements).
2. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance.

Yours Faithfully,

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Trustee

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Trustee

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