



Grant Thornton

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Mr Nikhil Khashu
Director of Finance and Information
St Helens and Knowsley Teaching Hospitals NHS Trust
Whiston Hospital
L35 5DR

Grant Thornton UK LLP
Royal Liver Building
Liverpool
L3 1PS
T +44 (0)151 224 7200
F +44 (0)151 224 7201

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Dear Nik,

St Helens and Knowsley Teaching Hospitals NHS Trust external audit 2020/21 to 2022/23

Further to our recent conversation and exchange of emails, I am writing to advise the basis on which we would propose to provide the Trust with external audit services in relation to the three financial years 2020/21 to 2022/23.

In relation to each of the three financial years, we would plan and execute an external audit in accordance with Part 5 of the Local Audit and Accountability Act 2014 (the Act), with due regard to the Comptroller and Auditor General's Code of Audit Practice (the Code) as issued by the National Audit Office (NAO) in April 2020.

Our Audit Plans would be informed by:

- timely, regular engagement with senior management, the finance team and internal audit
- attendance at all Audit Committee meetings
- our breadth and depth of understanding of the NHS
- our assessment of financial reporting and technical issues, as they apply to the Trust
- regular review of Trust Board papers
- assessment of your operational and financial performance
- understanding of your key financial systems, IT environment and controls
- previous audit findings, aided by our experience as your auditor for the 2019/20 financial year.

NHS England and NHS Improvement (NHSE/I) have acknowledged that there continues to be constrained capacity in the local audit market. We understand that NHSE/I are prepared to grant the Trust a one-off extension to the audit deadline for the 2020/21 financial year. We would be able to work to a 31 August 2021 audit deadline for the 2020/21 year, reverting to audit delivery in accordance with NHSE/I's national deadline for provider Trusts for the 2021/22 and 2022/23 financial years.

NHSE/I have also indicated that NHS Trusts are not expected to commission assurance on their 2020/21 Quality Account, and that from 2021/22 onwards this assurance exercise will be optional for all providers.

Our proposed fee for the Trust's 2020/21 external audit of £84,000+VAT includes the work necessary to deliver an external audit in accordance with the requirements of the NAO Code and excludes work on the Trust's Quality Accounts and the Trust's charitable funds. We may need to vary this fee, either non-recurrently or recurrently, if the scope of our work needed to change. We know, for example, that IFRS 16 Leases will be applicable from 2022/23 and will require additional audit work, the extent of which is as yet difficult to quantify, in the 2021/22 and 2022/23 audit cycles. We would look to discuss and agree any such fee variations with the Trust at an early stage.

We have enjoyed working with the Trust over recent years and we would be delighted to continue to provide the Trust with external audit services.

Please don't hesitate to contact me to discuss our proposal further.

Yours sincerely,

John Farrar

John Farrar
Director, for Grant Thornton UKLLP