

<b>Report to:</b>	<b>Public Board of Directors</b>	<b>Agenda item:</b>	<b>18</b>
<b>Date of Meeting:</b>	<b>25 September 2019</b>		

<b>Title of Report:</b>	<b>Audit Committee Annual Report</b>
<b>Status:</b>	<b>For approval</b>
<b>Board Sponsor:</b>	<b>Jeremy Boss, Non-Executive Director &amp; Chair of Audit Committee</b>
<b>Author:</b>	<b>Elizabeth Hills, Head of Financial Services</b>
<b>Appendices</b>	<b>None</b>

<b>1. Executive Summary of the Report</b>
The annual review of the performance of the Committee against its Terms of Reference to ensure the group is delivering in line with the Board of Directors expectation.

<b>2. Recommendations (Note, Approve, Discuss)</b>
To discuss the content of the report, recommend any additions or amendments and approve to present to the Board of Directors.

<b>3. Legal / Regulatory Implications</b>
Not applicable.

<b>4. Risk (Threats or opportunities, link to a risk on the Risk Register, Board Assurance Framework etc)</b>
What are the risks arising or identified in the report. Risks need to be added to the risk register in advance of submitting the report and the risk number stated.

<b>5. Resources Implications (Financial / staffing)</b>
Not applicable.

<b>6. Equality and Diversity</b>
Not applicable.

<b>7. References to previous reports</b>
Annual report.

<b>8. Freedom of Information</b>
Public.

## Audit Committee Annual Review – September 2019

In line with good practice all Committees and Groups within the Trust are required to undertake an annual review of effectiveness against their Terms of Reference and report this to their parent group. The parent group should consider this and in line with the reporting received during the year consider whether changes are required to the group to ensure ongoing effectiveness and focus on business objectives.

The following should be completed by the Chair of the group in conjunction with the members of the group. All members should be involved in its completion.

Whilst the requirement is for an annual review, it is suggested that groups more regularly consider their effectiveness to ensure ongoing compliance. The frequency of any additional reviews will be left for determination by the Chair.

<b>Has the Group fulfilled its purpose as stated in the Terms of Reference?</b>
<p>The Committee has fulfilled its purpose in seeking assurance, on behalf of the Board, that the Trusts internal control and governance processes are robust and fit for purpose.</p> <p>The evidence for this is clear and captured within the minutes each month. Evidence available in the full and comprehensive internal audit reports which cover a wide range of areas. A positive, unqualified external audit opinion on the Annual Report and Accounts, and the Quality Accounts was received for the financial year 2018/19.</p> <p>Oversight of risk is high on the Committee's agenda, with review of all risks on the Board Assurance Framework.</p>
<b>Has the Group delivered its stated duties and responsibilities?</b>
<p>The Committee delivered against its responsibilities in respect to the seven areas outlined in its Terms of Reference, examples include:</p> <ul style="list-style-type: none"> <li>• Governance: review and sign off of the Annual Report, including the Annual Governance Statement ahead of approval by the Board.</li> <li>• Internal Audit: full review of all findings made by internal audit at each quarter. Reviews included Risk Management, Financial Management Systems and Data Quality. The Chair of Audit Committee was also involved in the procurement exercise which resulted in appointed Grant Thornton as Internal Auditors from 1<sup>st</sup> April 2019.</li> <li>• External Audit: full review of external audit reports and the nature and scope of the annual plan. Support the implementation of recommendations made following the audit of the Annual Report and Accounts.</li> <li>• Local Counter Fraud: the Committee seeks assurance from the Local Counter Fraud provider that they are sufficiently resourced, that their scope is not restrictive and there haven't been barriers that have prevented them carrying</li> </ul>

<p>out their role.</p> <ul style="list-style-type: none"> <li>• Other Assurance Functions: regular discussions with regards the work of the Non-Clinical Governance Committee and Clinical Governance Committee, particularly with respect to internal audit review recommendations. Work with other committees to understand recommendations made from auditors and seek assurance on implementation. Open actions on audit tracker reviewed at each Committee meeting.</li> <li>• Management: Annual review of salary overpayments and review of waivers and breaches of standing orders to ensure processes to capture and mitigate occurrences are in place. The Committee has also received updates on the Trust's approach to costing within the organisation.</li> <li>• Financial Reporting: review and sign off of the Annual Accounts prior to submission to the Board for official signing.</li> </ul>
<p><b><i>Has the Group undertaken activities outside of those stated in the Terms of Reference? And if so what were they and why?</i></b></p>
<p>No activities have fallen outside of the Terms of Reference.</p>
<p><b><i>Was the membership adequate to deliver the Groups purpose, duties and responsibilities?</i></b></p>
<p>Attendance is very good, every meeting was quorate.</p> <p>Representatives from each of the regular assurance providers attended every meeting, this included internal and external audit and counter fraud.</p> <p>Invitations to Management to report on areas of concern or development were accepted throughout the year. Last year this included the Head of Financial Management (to update on costing) and Head of Risk &amp; Assurance (to review the risk management process). The knowledge of such individuals was sufficient for the Committee to gain assurance on the relevant issues.</p>
<p><b><i>Was there adequate administrative capacity to resource the Group?</i></b></p>
<p>The Committee was adequately supported by Management and administrative staffs to ensure the activities were accurately recorded and actions followed up.</p> <p>The Group was supported, administratively, by the Head of Financial Services, Financial Accountant and the Executive Assistant to the Deputy Chief Executive and Director of Finance.</p>
<p><b><i>Any other comments regarding the effectiveness of the Group?</i></b></p>
<p>None.</p>