

**REPORT TO THE TRUST BOARD: PUBLIC**  
**13 March 2019**

<b>Title</b>	Audit Committee 7 January 2019 – Chair’s Report
<b>Committee Chair</b>	Anit Chandarana, Non-Executive Director and Chair of Audit Committee
<b>Author</b>	Cathy Lilley, Associate Director of Corporate Governance

**Purpose of the report**

To bring to the Board’s attention key issues and assurances discussed at the Audit Committee meeting held on 7 January 2019.

**Issues to be brought to Board’s attention**

The following key items and assurances were considered by the Committee at its meeting on 7 January 2019

- **Board Assurance Frameworks:** The Committee:
  - Discussed in detail the principles and mechanisms for linking Directorate red-rated risks and the Corporate Risk Register with the Board Assurance Framework to ensure the Registers reflect any movement in risks
  - Requested that further consideration would be given to developing and monitoring expected risk trajectories
  - Agreed that the BAF is the Audit Committee’s key tool in its role in managing strategic risks and requested further consideration be given to improve the quality of the information provided to assist in this role, e.g. risk commentaries; use of terminology; etc
  
- **External Audit:** The Committee noted:
  - Three significant risks are to be audited during 2019/20: improper recognition of revenue; management override of controls; and valuation of property, plant and equipment
  - These risks are common to all Trusts and have not been selected in response to any specific indications of concern at ELFT
  - The Trust’s risk profile has not changed with respect to improper recognition of revenue; this area will receive additional scrutiny in response to new accounting standards introduced following failures at Tesco
  - The external audits may identify improvements needed to controls and it would be the Audit Committee’s responsibility to monitor the implementation of the recommendations
  - The External Auditors (Grant Thornton) fee is £59,000 (£52,000 audit fees and £7,000 for Quality Accounts) which was the same fee for 2017/18.
  
- **Internal Audit:** The Committee:
  - Noted the importance of the Board owning the internal audit plan which will be presented for approval at the Board Development Session on 5 February 2019
  - Noted the progress with the internal audit management actions with the majority being completed on time (47 implemented within agreed timescale compared to 7 not delivered on time)

- Noted the outputs from internal audit are divided into those reported to the Quality Assurance Committee and those to the Audit Committee, and requested that a review of the links between the Audit and Quality Assurance Committees be undertaken to streamline communication
  - Two audits are due to commence in early 2019: Data Security & Protection Toolkit and Bedfordshire Community Services integration; and there will be quarterly rather than annual reports for the GDPR Toolkit
  - Raised concern about the non-completion of high priority management actions within the agreed timescales and agreed that in future the Committee will receive a table/graph tracking action closure as this would help assess the scale of delays.
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- **Annual Report:** A detailed development plan has been drafted for the production of the 2018/19 Annual Report; this has been based on good practice and has been developed in consultation with the Trust's external auditors taking account of the regulatory deadlines and tight timescale. The Committee requested that a briefing note be produced that explained the role of the NEDs in the Annual Report approval process.
  - **Quality Assurance Committee Minutes:** The Committee received the approved minutes of the Quality Assurance Committee meeting held on 1 November 2018.