

Agenda Item 5

From: Paul Hendrick, Non-Executive Director, Audit Committee Chair

To: Council of Governors

Date: 20 September 2018

Subject: ELFT Annual Report and Accounts 2017/18 (including Quality Report): Annual External Auditor's Reports

1 Purpose of the Report

- 1.1 To present the External Auditor's (Grant Thornton) report on the Trust's Annual Report and Accounts for the year ending 31 March 2018 to the Council of Governors. The report also includes external assurance on the Trust's Quality Report 2017/18.

2 Statutory Role of Governors

- 2.1 The NHS Health Act 2006, as amended by the Health and Social Care Act 2012, gives the Council of Governors a statutory requirement to receive the Trust's Annual Report and Accounts and any report of the auditor on them.
- 2.2 Governors will formally receive the Trust's Annual Report and Accounts at the Annual General Meeting on 26 September 2018. Copies have previously been circulated to the Council

3 The Role of the Audit Committee

- 3.1 The Audit Committee is a formal Committee of the Board of Directors established by the Board in line with statutory requirements, corporate governance good practice and the Trust's Standing Orders. There should be at least three Non-Executive Directors as members of the Committee. Officers of the Trust, auditors and others can attend by invitation. During 2017/18, the membership of the Committee comprised:
- Paul Hendrick (Committee Chair)
 - Mary Elford
 - Kingsley Peter.
- 3.2 While all Board members have a duty to act in the interests of the Trust, the Audit Committee has a particular role, acting independently from the Executive, to ensure that the interests of stakeholders are properly protected in relation to financial reporting and internal control. Its key responsibility is to:
- Advise the Board on the adequacy and effectiveness of the Trust's systems of internal financial control, internal audit function, audit process, risk management and governance
 - Monitor and review the integrity of the Trust's financial statements

- Monitor and review the External Auditor's independence and objectivity
- Advise the Board on the adequacy and effectiveness of its arrangements for securing economy, efficiency and effectiveness.

4 Annual External Auditor's Reports 2017/18

- 4.1 The Audit Committee oversees the annual audit of the Trust's Financial Statements and Quality Report. The audit is undertaken by the Trust's External Auditors, Grant Thornton. The External Auditor's Reports summarising the results of the audits for 2017/18 are attached at appendix 1 (Financial Statements) and appendix 2 (Quality Report).
- 4.2 The Council of Governors is asked to note that the Trust received a clean opinion on the audit of the Financial Statements for 2017/18 and also a clean opinion on the Quality Report for 2017/18.

5 Audit Fees

- 5.1 For the financial year ending 31 March 2018, the external audit fees payable to Grant Thornton were £52,000 (plus an additional £7,000 for work on the Quality Report). Their audit and non-audit fees are set and monitored throughout the year.

6 Action Being Requested

- 6.1 The Council of Governors is asked to **RECEIVE** and **NOTE** the report.