

Agenda Item 4

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

To: Council of Governors

Date: 21 September 2017

Subject: Annual Audit Letter 2016-17

1 Purpose of the Report

- 1.1 To present to the Council the External Auditors' (KPMG) Annual Audit Letter 2016-17, this also includes external assurance on the Quality Report.

2 Role of governors in relation to this item, and key points

- 2.1 The 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. Governors will receive the Trust's Annual Report and Accounts at the Annual General Meeting on 5 October 2017. This report provides the external auditor's Annual Audit Letter 2016-17.

3 Background / The role of the Audit Committee

- 3.1 The Audit Committee is a formal Committee of the Trust Board in line with corporate governance best practice and the Trust's Standing Orders. Only Non-Executive Directors can be members of the Committee, with officers, auditors and others attending by invitation. During 2016-17, the membership of the Committee comprised three Non-Executive Directors: Paul Hendrick (Committee Chair), Kingsley Peter, and Mary Elford.
- 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 chief function is to advise the Board on the adequacy and effectiveness of the Trust's systems of internal control, risk management and governance, and its arrangements for securing economy, efficiency and effectiveness.

4 Annual Audit Letter 2016-17

- 4.1 The Audit Committee oversees the annual audit of the Trust's financial and quality accounts. The audit is undertaken by the Trust's External Auditors (KPMG). The Annual Audit Letter, summarising the results of the audit for 2016-17, is attached.
- 4.2 We had a clean opinion on the audit of the Annual Accounts and also a clean opinion on the Quality Report (previously known as Quality Accounts). More information on this is in the attached letter from the Auditors.

5 Audit fees

- 5.1 For the financial year ending 31st March 2017, the external audit fees payable to KPMG were £59k (plus an additional £12k for work on the Quality Report). The audit fees payable to the internal auditors RSM were £82k.

6 Action being requested

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