

Audit and Assurance Committee Annual Report 2018/19

1. Introduction

Good practice requires that the Trust's Board of Directors ('the Board') should review the performance of its Committees annually to determine whether they have been effective, and whether further development work is required.

This annual report summarises the activities of the Audit and Assurance Committee ('the Committee') during and in respect of 2018/19 and sets out how it complied with its terms of reference.

1.1 Review of Board Committees

In September 2018 the Board undertook a comprehensive review of its Board and Committee structures to improve the effectiveness of the Board. The results of the Board and Board Committee self-assessment process, including the outcome of the Audit and Assurance Committee Annual Self-Assessment 2018, identified opportunities for change and improvement in the way that the governance infrastructure of the Trust is constituted and managed. An important starting point was the review of the terms of reference of all of the Board Committees. The terms of reference were reviewed and amended in order to;

- Make the role of the Board Committees explicit in relation to the Board Assurance Framework
- Define the inter-relationships and interdependence between the different Board Committees
- Make the relationship of other Board Committees with the Audit and Assurance Committee explicit
- Standardise wording and format of all terms of reference

The revised terms of reference of the Quality Committee, Finance and Performance Committee, Workforce Committee, Major Projects Committee, Partnerships Committee and Integrated Governance and Risk Committee were approved by the Board in January 2019.

The revised terms of reference of the Audit and Assurance Committee were approved by the Board in March 2019 and so did not impact upon the work of the Committee in 2018/19. These revised terms of reference will be explained in, and appended to, the Committee's Annual Report 2019/20.

1.2 Scope of this Annual Report

This annual report incorporates a summary of the activities of the Audit and Assurance Committee during and in respect of 2018/19. The work of the Committee in April and May of 2018 in respect of 2017/18 year-end reporting was described in the Committee's 2017/18 Annual Report.

2. Role of the Audit and Assurance Committee

The Audit and Assurance Committee is a Committee of the Board. The terms of reference of the Committee in place up to March 2019 are attached as Appendix 1.

2.1 The role and objectives of the Audit and Assurance Committee

The Audit and Assurance Committee is required to provide an independent and objective view of internal control to the Board and the Trust's Accountable Officer. The Committee is required to provide assurance on the adequacy of audit arrangements (internal and external) and on the

implications of assurances provided in respect of risk and control. The objective is for the Board to be assured of the effectiveness of the Trust's risk management system and procedures and its internal controls including business continuity and information technology.

The role of the Committee, in accordance with its terms of reference in effect in 2018/19, was to:

- Review the establishment and maintenance of an effective system of integrated governance, risk management and internal control across the whole of the Trust's activities (both clinical and non-clinical) that supports the achievement of the Trust's objectives
- Ensure an effective Internal Audit function
- Ensure an effective Local Counter Fraud Service function
- Review the work and findings of the External Auditor and consider the implications of, and management's responses to, their work
- Review the Annual Report, Financial Statements and Quality Report before their submission to the Board for approval
- Review the findings of other significant assurance functions
- Report to the Board on the Committee's key findings.

Utilising an Annual Self-Assessment, the Committee produces, complies with and monitors a benchmarked annual workplan to ensure that it fully complies with its obligations.

2.2 Reporting requirements

It is the duty of the Committee Chair formally and regularly to report, on a timely basis, to the Board on the Committee's activities by:

- Providing a written update report to the Board following each meeting of the Committee
- Presenting the minutes of the Committee's meetings to the Board
- Ensuring appropriate escalation arrangements are in place to alert the Trust Board Chair, Chief Executive or Chairs of other relevant Committees of any urgent/critical matters that may compromise the delivery of the Trust's Strategic Objectives
- Providing progress reports in respect of each Committee meeting to the Council of Governors
- Reporting to the Board of Directors annually on its work in support of the Annual Governance Statement, specifically commenting on:
 - The fitness for purpose of the assurance framework
 - The completeness and 'embeddedness' of risk management in the Trust
 - The integration of governance arrangements
 - The appropriateness of the evidence that shows the Trust is fulfilling all relevant regulatory requirements and obligations
 - The robustness of the processes behind production of the Quality Accounts
- Presenting to the Board an annual report summarising the Committee's activities and the assurance received and provided

The minutes from meetings of the Audit and Assurance Committee, along with reports from the Audit and Assurance Committee Chairman highlighting the key items discussed, are presented at the public meetings of the Board.

The Committee Chairman is satisfied that he fully complied with the Committee's reporting requirements during and in respect of 2018/19.

3. Membership and attendance record during and in respect of 2018/19

From April 2018 to May 2019 the Committee met ten times. Membership and attendance is recorded in the table below. Meetings held in May of each year consider and approve year end reporting in respect of annual financial and quality reporting, internal audit, external audit, and the Trust's Annual Governance Statement all in respect of the preceding financial year ending on 31 March.

MEMBERS	3.4.18	18.5.18	23.5.18	7.8.18	30.10.18	4.12.18	5.2.19	16.4.19	21.5.19	23.5.19	TOTAL
Mr Barrie Senior (Chairman)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10 of 10
Dr Trevor Higgins	x	✓	✓	x	✓	x					3 of 6
Mrs Selina Ullah	✓	✓	✓	✓	✓	✓	✓	x	✓	x	8 of 10
Mr Jon Prashar							✓	x	✓	✓	3 of 4
Mr Amjad Pervez								✓			1 of 1
✓ = Attended X = Apologies sent											
	Denotes period when not a member of the Committee										

The Committee meeting held on 16 April 2019 was in respect of the Committee's 2019/20 annual workplan, utilising the newly approved revised Committee terms of reference. Matters covered during this meeting will be included in the Committee's 2019/20 Annual Report.

Audit and Assurance Committee meetings are attended by the Director of Finance, an Assistant Director of Finance and the Trust Secretary. Other senior executives are invited to attend meetings when appropriate to discuss specific matters related to their roles. The Chief Executive, as the Trust's Accountable Officer, attends at least one meeting per year. Representatives of both Internal and External Audit also attend the meetings.

4. Summary of the work of the Committee during and in respect of 2018/19

4.1 Integrated Governance, Risk Management and Internal Control

During 2018/19 the Committee executed a benchmarked annual workplan to ensure the acquisition of adequate assurance regarding integrated governance, risk management and internal control. Supplemented by the consideration of assurance provided by internal audit, counter fraud and external audit, the Committee gained assurance from and in respect of:

- Board Assurance Framework Process
- Standing Orders (SOs), Standing Financial Instructions (SFIs) and the Scheme of Delegation
- Annual Governance Statement 2018/19
- CQC Inspection Report and Compliance Actions
- Clinical Audit Annual Report 2017/18
- Clinical Audit High Priority Work Plan 2018/19
- Cyber Security Update
- Fire Safety Report
- Annual Security Report 2017/18
- Exception Reports relating to Special Payments and Single Tender Waivers
- Annually Reported Physical Assaults 2018/19
- Electronic Patient Record (EPR) go-live Process

- Clinical Correspondence Electronic Circulation Assurance
- CAP report 2017/18
- Whistleblowing/Freedom To Speak Up arrangements
- Self-Certification of NHS Provider Licence
- Security Management Standards for Providers
- Provider Board Assurance Framework Benchmarking Report
- Supplier Assurance Framework
- Third Party Provider Functions
- Compliance with Regulatory and Statutory Requirements
- Effectiveness Reporting and Governance
- Review of Draft and Final Board Committees Terms of Reference
- Review of Draft and Final Audit Committee Terms of Reference
- Way Forward – Governance & Assurance Report

4.2 Internal Audit (IA) and Local Counter Fraud Service (LCFS)

Internal Audit and Local Counter Fraud Services are provided to the Trust by Audit Yorkshire (previously West Yorkshire Audit Consortium). The Director of Finance is a member of the Audit Yorkshire Board which oversees Audit Yorkshire at a strategic level.

4.2.1 Internal Audit

In respect of 2018/19, the Committee considered and reviewed the following reporting from Internal Audit:

- Internal Audit Charter
- Draft and Final Internal Audit Plan 2018-19
- Internal Audit Progress Reports, including individual internal audit review report summaries (significant assurance) and full reports (limited/no assurance)
- Internal Audit Follow-Up reports
- Internal Audit Annual Report & Head of Internal Audit Opinion 2018/19

The Internal Audit Charter formally defines the purpose, authority and responsibility of Internal Audit. This document was updated, reviewed and approved by the Audit and Assurance Committee in August 2018.

The Audit and Assurance Committee approved the planning methodology to be used by Internal Audit to create the Internal Audit Plan for 2018/19, and gave formal approval to the Plan in April 2018.

The conclusions, as well as all of the findings and recommendations, of all Internal Audit reports finalised during 2018/19 were shared with the Audit and Assurance Committee. The Committee challenged Internal Audit on assurances provided and, where appropriate, requested additional information, clarification and follow-up work if considered necessary. The system whereby all internal audit recommendations are followed-up on a quarterly basis was scrutinised. Progress towards the implementation of agreed recommendations was reported (including full details of all outstanding recommendations) to the Senior Leadership Team. The Audit and Assurance Committee reviewed and was satisfied by the quarterly progress reports.

4.2.2 Head of Internal Audit Opinion

The Head of Internal Audit is required to provide an annual opinion, based upon and limited to the internal audit work performed, on the overall adequacy and effectiveness of the Trust's risk

management, control and governance processes. (i.e. the Trust's system of internal control). The 2018/19 Opinion was received by the Committee in May 2019 and a copy of this Opinion was included in the Trust's 2018/19 Annual Report and Accounts.

The opinion was that "Significant Assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently."

A total of 51 audit reports were issued relating to the 2018/19 Internal Audit Operational Plan, of which 51 (100%) were finalised prior to reporting to the 21 May 2019 Audit and Assurance Committee meeting.

4.2.3 Limited / Low Assurance Opinion Reports 2018/2019

The Head of Internal Audit did find certain weaknesses in the design and/or inconsistent application of controls in certain areas which put the achievement of particular objectives at risk. Whilst a 'significant assurance' overall opinion was provided, seven "Limited Assurance" reports were issued in 2018/19. These related to:

- Pharmacy and Medicine Management – Theatre Stock
- Statutory Regulation Identification and Compliance Management – Vehicle Safety
- Provider to Provider Contracts
- Short Stay Ward; Follow Up of Limited Assurance Report
- Carriage of Dangerous Goods
- Patient Safety – National Standards for Cancer patients
- Asset Management – Stores, Stock and Inventory

The Committee has ensured that remedial actions in respect of these audit findings have been pursued.

The Head of Internal Audit Opinion contributed to the Committee's and to the Board's assessment of the effectiveness of the Trust's system of internal control and to the completion of the Annual Governance Statement 2018/19.

4.3 Counter Fraud

The LCFS Plan 2018/19 was reviewed and approved by the Audit and Assurance Committee in April 2018. The Local Counter-Fraud Specialist presented regular reports during the year detailing progress towards achievement of the Plan, as well as summaries of investigations undertaken.

The LCFS Annual Report 2018/19 was received by the Committee in May 2019 and provided a report on the work carried out against the LCFS Plan 2018/19.

The Committee received confirmation that, during 2018/19, the Trust had ensured that the LCFS had received all of the necessary support to enable them to perform their role efficiently, effectively and promptly. In order for the NHS Counter Fraud Authority to derive a clear picture of the work conducted, the Trust is required to submit an annual Self-Review Tool (SRT). The SRT is intended to enable the Trust to produce a summary of the anti-fraud, bribery and corruption work it conducted over the previous financial year. A review of the 2018/19 SRT by the Committee in May 2019 identified that the Trust had fully met 21 of the 23 standards and had partially met two of the standards. On this basis the Trust achieved an overall rating was 'GREEN' for the 2019 submission. The LCFS is

working with the Trust to look at the standards where the Trust is less than fully compliant and to improve the compliance levels prior to the submission of the 2019/20 SRT.

4.4 External Audit / Financial Reporting

4.4.1 Appointment of External Auditor

Deloitte LLP was appointed as the Trust's External Auditor for a period of two years with effect from 1 June 2017 following the presentation of a recommendation to the Council of Governors from the Chair of the Audit and Assurance Committee in May 2017. The full process for the appointment of the External Auditor was reported upon in the Trust's Annual Report and Accounts 2017/18. In May 2019 Deloitte the Trust extended the contract for an additional year to May 2020 following receipt of approval by the Council of Governors. The appointment of Deloitte LLP was made in accordance with the Code of Audit Practice for NHS Foundation Trusts, issued by the National Audit Office on behalf of the Comptroller and Auditor General.

4.4.2 Key reports from External Audit

During and in respect of 2018/19, the Committee considered and reviewed the following reporting from the External Auditors:

- Review of arrangements for the use of External Auditors for Non-Audit Purposes
- External Audit Annual Plan 2018/19
- External Audit – Sector Development Reports
- External Audit ISA 260 report 2018/19
- External Audit report – Quality Report 2018/19
- Annual Review of External Audit Performance
- ISA 260 – BTHFT Charity Annual Report and Accounts 2017/18

The Audit Committee received and approved an External Audit Plan for 2018/2019 in October 2018. The Plan identified significant inherent audit risks related to:

- Revenue recognition related to CQUIN and STF income
- Property Valuations
- Management override of controls

The Plan identified key audit judgements relating to:

- Revenue recognition
- Going concern applicability
- Value for money considerations

The Committee received the 2018/2019 External Audit Report (including the ISA 260 Report) in May 2019. The report confirmed that no significant audit issues had arisen in respect of the significant inherent audit risks and key audit judgements listed above. The report further confirmed that no audit adjustments or disclosure deficiencies had been identified. An unmodified audit opinion was given on the Trust's accounts for 2018/2019.

As regards the Quality Report, the External Auditors confirmed the compliance and consistency of the report contents. An unmodified opinion was expressed with regards to the A&E 4 hour wait / Emergency Care Standard indicator, and an unmodified opinion was expressed with regards to the reporting of 62 day cancer waiting times.

Following the Committee meetings in May 2019, the Committee made recommendations to the Board of Directors to approve the final Audited Accounts, Annual Report, Annual Governance Statement and Quality Report for 2018/2019.

At the Committee meeting in December 2018 the Committee approved the Bradford Hospitals Charity Annual Report and Accounts 2017/18.

4.4.3 Financial Reporting

During and in respect of the year, the Committee reviewed, gained assurance and approved the following:

- Annual Report & Quality Report 2018/19 - Timetable for Production
- Foundation Trust Annual Reporting Manual 2018/19
- Draft and final Annual Accounts 2018/19
- Draft and final Annual Report/Quality Report 2018/19
- Draft and final Letter of Representation 2018/19
- Bradford Hospitals Charity Annual Report and Accounts 2017/18

4.4.4 Use of External Audit to provide non-audit services

Any proposal for the use of the External Auditors to provide non-audit services is reported to, and dependent upon the nature and/or cost of the services prior approved by, the Audit and Assurance Committee. There were no such engagements in 2018/19

4.5 Other significant assurance functions

During 2018/19, in addition to the assurances provided by Internal Audit, Counter Fraud and External Audit, the Committee:

- Monitored and was satisfied by progress in responding to the Care Quality Commission Inspection Reports issued on 15 June 2018
- Considered and was satisfied by the results of a Well-Led review conducted by Deloitte during 2017/18

5 Conclusion

The Committee believes that during 2018/19 it took reasonable steps to perform its duties as delegated by the Board and specified in its then current terms of reference

Barrie A Senior, FCA
Audit and Assurance Committee Chairman
1 December 2019

Audit and Assurance Committee – Terms of Reference

1. Constitution

The Board hereby resolves to establish a Committee of the Board to be known as the Audit and Assurance Committee (The Committee). The Committee is a non-executive committee of the Board and has no executive powers, other than those specifically delegated in these Terms of Reference.

2. Membership

The Committee shall be appointed by the Board from amongst the non-executive directors of the Trust and shall consist of not less than three members. A quorum shall be two members. One of the members will be appointed Chair of the Committee by the Board. At least one member of the Committee shall have recent and relevant financial experience. The Chairman of the organisation shall not be a member of the Committee.

3. Attendance

The Director of Finance and appropriate Internal and External Audit representatives shall normally attend meetings. However, at least once a year the Committee should meet privately with the External and Internal Auditors.

The Chief Executive and other executive directors should be invited to attend, but particularly when the Committee is discussing areas of risk or operation that are the responsibility of that director.

The Chief Executive should be invited to attend, at least annually, to discuss with the Committee the process for assurance that supports the Annual Governance Statement.

In addition to the above a representative of the local counter fraud service and governor representatives may be invited

The Trust Secretary shall attend to provide appropriate support to the Chair and committee members.

4. Frequency

Meetings shall be held not less than three times a year. The External Auditor or Head of Internal Audit may request a meeting if they consider that one is necessary.

5. Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee. The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

6. Duties

The duties of the Committee can be categorised as follows:

6.1 Governance, Risk Management and Internal Control

The Committee shall review the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the organisation's activities (both clinical and non-clinical), that supports the achievement of the organisation's objectives. The Committee will maintain an oversight of the foundation trust's general risk management structures and ensure appropriate information flows to the audit committee in relation to the trust's overall internal control and risk management position.

In particular, the Committee will review the adequacy of:

- The processes related to all risk and control disclosure statements (in particular the Annual Governance Statement and declarations of compliance with the Care Quality Commission's Registration Criteria), together with any accompanying Head of Internal Audit statement, external audit opinion or other appropriate independent assurances, prior to endorsement by the Board.
- The underlying assurance processes that indicate the degree of the achievement of corporate priorities, the effectiveness of the management of principal risks and the appropriateness of the above disclosure statements.
- The policies for ensuring compliance with relevant regulatory, legal and code of conduct requirements.
- The policies and procedures for all work related to fraud and corruption as set out in Secretary of State Directions and as required by NHS Protect (previously known as the NHS Counter Fraud and Security Management Service).
- The arrangements by which staff of the Foundation Trust may raise concerns about possible improprieties in matters of financial reporting and control, clinical quality, patient safety or other matters.
- In carrying out this work the Committee will primarily utilise the work of Internal Audit, External Audit and other assurance functions, but will not be limited to these audit functions. It will also seek reports and assurances from Executive Directors and managers as appropriate, concentrating on the overarching systems of integrated governance, risk management and internal control, together with indicators of their effectiveness.
- This will be evidenced through the Committee's use of an effective Assurance Framework to guide its work and that of the audit and assurance functions that report to it.
- The Committee will review the Foundation Trust's Corporate Risk Register and the seek assurance that the processes for maintaining it are robust.
- The Committee will monitor corporate governance including codes of conduct, standing orders, standing financial instructions and maintenance of registers of interest, ensuring appropriate standards are set and compliance with them is monitored

6.2 Internal Audit

The Committee shall ensure that there is an effective Internal Audit function established by management that meets mandatory NHS Internal Audit Standards and provides appropriate independent assurance to the Audit Committee, Chief Executive and Board. This will be achieved by:

- Consideration of the provision of the Internal Audit service, the cost of the audit and any questions of resignation and dismissal.
- Review and approval of the Internal Audit strategy, operational plan and more detailed programme of work, ensuring that this is consistent with the audit needs of the organisation as identified in the Assurance Framework.

- Consideration of the major findings of Internal Audit work (and management's response), and ensure co-ordination between the Internal and External Auditors to optimise audit resources. Monitor progress on the timely implementation of recommendations raised by Internal Audit.
- Ensuring that the Internal Audit function is adequately resourced and has appropriate standing within the organisation.
- Annual review of the effectiveness of Internal Audit.

6.3 External Audit

The Committee shall oversee a market testing exercise for the appointment of an auditor at least once every five years. It will be responsible for reviewing and monitoring the External Auditor's independence and objectivity.

The Committee shall review the work and findings of the External Auditor and consider the implications and management's responses to their work. This will be achieved by:

- Assessing the Auditor's work and fees on an annual basis to ensure the work is of a sufficiently high standard and that the fees are reasonable. The Committee shall make recommendations to the Council of Governors with respect to the appointment, reappointment or removal of the auditor.
- Approval of the External Audit engagement letter.
- Discussion and agreement with the External Auditor, before the audit commences, of the nature and scope of the audit as set out in the Annual Plan, and ensure coordination, as appropriate, with other External Auditors in the local health economy.
- Discussion with the External Auditor of their local evaluation of audit risks and assessment of the Trust and associated impact on the audit fee.
- Review all External Audit reports, including agreement of the ISA 260 Report before submission to the Board and any work carried outside the annual audit plan, together with the appropriateness of management responses. Progress against the implementation of recommendations highlighted in External Audit reports will be monitored by the Committee.

The Committee shall assist the Council of Governors to develop a policy on the engagement of the external auditor to supply non-audit services and shall periodically review its implementation.

6.4 Quality Assurance Functions

The Committee shall review the findings of other significant assurance functions, both internal and external to the organisation, and consider the implications to the governance of the organisation.

These will include, but will not be limited to, any reviews by Department of Health Arm's Length Bodies or Regulators/Inspectors (e.g., Care Quality Commission (CQC), NHS Litigation Authority, etc.), professional bodies with responsibility for the performance of staff or functions (e.g. Royal Colleges, accreditation bodies, etc.). For the purpose of independent reviews and inquiries the Committee will monitor and seek assurance that processes are in place and action plans are implemented. It is the role of the Chief Executive to nominate an Executive Director to lead the process for the management of high-level inquiries.

The Committee has a role in reviewing the work of the Charitable Funds Committee, Quality Committee including clinical risk management and clinical audit, Finance and Performance Committee, Workforce Committee, Partnership Committee and Major Projects Committee.

As necessary the Committee will review performance indicators and examine any other matter referred and initiate investigation.

6.5 Management

The Committee shall request and review reports and positive assurances from Executive Directors and managers on the overall arrangements for governance, risk management and internal control. They may also request specific reports from individual functions within the organisation (e.g. clinical audit) as they may be appropriate to the overall arrangements.

6.6 Financial Reporting

The Committee shall review the Annual Report, Quality Report and Financial Statements before submission to the Board, focusing particularly on:

- The wording in the Annual Governance Statement and other disclosures relevant to the Terms of Reference of the Committee.
- Changes in, and compliance with, accounting policies and practices.
- Unadjusted mis-statements in the financial statements.
- Major judgemental areas.
- Significant adjustments resulting from the audit.

The Committee should also ensure that the systems for financial reporting to the Board, including those of budgetary control, are subject to review as to completeness and accuracy of the information provided to the Board.

6.7 Standing orders, standing financial instructions and standards of business conduct

- The Committee will review on behalf of the board of directors the operation of, and proposed changes to, the standing orders and standing financial instructions, the constitution, codes of conduct and standards of business conduct; including maintenance of registers.
- The Committee will examine the circumstances of any significant departure from the requirements of any of the foregoing, and whether those departures relate to a failing, an overruling or a suspension.
- The Committee will review the scheme of delegation.

7. Reporting

The minutes of Committee meetings shall be formally recorded and submitted to the Board of Directors. The Chair of the Committee shall draw to the attention of the Board of Directors any issues that require disclosure to the full Board of Directors, or require executive action.

The Committee will report to the Board of Directors annually on its work in support of the Annual Governance Statement, specifically commenting on the fitness for purpose of the Assurance Framework, the completeness and embeddedness of risk management in the organisation, the integration of governance arrangements and the appropriateness of the self-assessment against the Care Quality Commission's Registration Criteria.

The Committee will report to the Council of Governors any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.

8. Links with Other Committees

This Committee with the Quality Committee, Finance and Performance Committee, Workforce Committee, Partnerships Committee and Major Projects Committee have a shared responsibility to provide assurance to the Board of Directors. They need to work collaboratively to ensure all aspects of governance are covered and that the Board of Directors receives comprehensive assurance on the Foundation Trust's business and activities.

9. Other Matters

The Committee shall be supported administratively by the Trust Secretary, whose duties in this respect will include:

- Agreement of agenda with Chairman and attendees and collation of papers
- Ensure minutes are recorded and keeping a record of matters arising and issues to be carried forward
- Advising the Committee on pertinent areas.

At the request of the Committee Chair, the Committee may hold meetings by telephone, video link or by email exchange. Normal rules relating to quoracy will apply to the functioning of such a meeting. These meetings will be deemed as standard meetings of the Committee and shall be minuted accordingly.

10. Review of Terms of Reference

The Terms of Reference shall be reviewed annually by the Board of Directors.