

Audit Committee

Terms of Reference

<p>Purpose</p>	<p>The purpose of the Audit Committee ('the Committee') is to provide an independent and objective view of internal control to the Board of Directors and the Accountable Officer. It provides assurance regarding the comprehensiveness and the reliability of assurances on governance, risk management, the control environment and the integrity of financial statements.</p> <p>The Committee supports the Board by critically reviewing and reporting on the relevance and robustness of the governance structures and assurance processes on which the Board places reliance.</p> <p>The objective of the Committee is 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, with a view to enabling the Board to assure itself of the effectiveness of the Trust's risk management system and procedures and its internal controls including business continuity and information technology.</p>
<p>Responsible to</p>	<p>Board of Directors</p>
<p>Delegated authority</p>	<p>The Committee is a non-executive committee of the Trust's Board ('the Board') and has no executive powers, other than those specifically delegated in these terms of reference.</p> <p>The Committee is authorised by the Board to act and investigate any activity within its terms of reference. All members of staff are directed to co-operate with any request made by the Committee.</p> <p>The Committee is authorised by the Board to instruct professional advisers and request the attendance of individuals and authorities from outside the Trust with relevant experience and expertise if it considers this necessary or expedient to the exercise of its functions</p> <p>The Committee shall embed the Foundation Trust's vision, standards, priorities and requirements, e.g. equality and human rights, through the conduct of its business.</p> <p>The requirements for the conduct of business as set out in the Foundation Trust Board's Standing Orders are equally applicable to the operation of the Committee.</p>

<p>Duties</p>	<p>Integrated governance, risk management and internal control</p> <p>The Committee will 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 (clinical and non-clinical), that supports the achievement of the Trust's objectives. In particular, the Committee will review the adequacy and effectiveness of:</p> <ul style="list-style-type: none"> • All risk and control related disclosure statements (in particular the Annual Governance Statement), together with any accompanying Head of Internal Audit opinion, External Audit opinion or other appropriate independent assurances, prior to submission to the Board of Directors • The underlying assurance processes that indicate the degree of achievement of the Trust's objectives, the effectiveness of the management of principal risks and the appropriateness of the above disclosure statement • The policies and procedures for ensuring compliance with all relevant regulatory, legal and code of conduct requirements and any related reporting and self-certifications • The policies and procedures for all work related to counter fraud, bribery and corruption as required by NHSCFA. <p>In carrying out this work the Committee will primarily utilise the work of Internal Audit, External Audit, other Board Committees and other assurance functions, but will not be limited to these sources. It will also seek reports and assurances from directors and managers as appropriate, concentrating on the over-arching 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 the audit and assurance functions that report to it.</p> <p>As part of its integrated approach, the Committee will have effective relationships with other key committees so that it understands processes and linkages.</p> <p>Internal Audit</p> <p>The Committee shall ensure that there is an effective Internal Audit function that meets the <i>Public Sector Internal Audit Standards, 2017</i> and provides appropriate independent assurance to the Committee, Accountable Officer and Board of Directors. This will be achieved by:</p> <ul style="list-style-type: none"> • Considering the provision of the Internal Audit service and the costs involved • Reviewing and approving the strategic and annual Internal Audit plan, ensuring that this is consistent with the audit needs of the organisation as identified in the assurance framework. • Considering the major findings of Internal Audit work (and management's responses) Ensuring coordination between the Internal and External Auditors to optimise the Trust's use of audit resources
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- Ensuring that the Internal Audit function is adequately resourced and has appropriate standing within the Trust
- Monitoring the effectiveness of Internal Audit and carrying out an annual review.

External Audit

The Committee shall review and monitor the External Auditors' independence and objectivity and the effectiveness of the external audit process. In particular, the Committee will review the work and findings of the External Auditors and consider the implications and management's responses to, their work. This will be achieved by:

- Considering the appointment and performance of the External Auditors, as far as the rules governing the appointment permit (and make recommendations to the Board of Directors when appropriate)
- Discussing and agreeing with the External Auditors, before the audit commences, the nature and scope of the audit as set out in the External Audit annual plan
- Discussing with the External Auditors their evaluation of audit risks and assessment of the organisation and the impact on the audit fee
- Reviewing all External Audit reports, including the report to those charged with governance (before its submission to the Board of Directors) and any work undertaken outside of the annual External Audit plan, together with the appropriateness of management responses
- Ensuring that there is in place a clear and appropriate policy for the engagement of External Auditors to supply non-audit services.

Other assurance functions

The Committee shall review the findings of other significant assurance functions, both internal and external to the Trust, and consider the implications for the governance of the Trust. These will include, but will not be limited to, any reviews by Department of Health and Social Care arm's length bodies or regulators/inspectors - for example, the Care Quality Commission, NHS Resolution, etc. and professional bodies with responsibility for the performance of staff or functions - for example, Royal Colleges, accreditation bodies, etc.

The Committee will review the work of other Committees within the organisation, whose work can provide relevant assurance to the Committee's areas of responsibility.

Counter fraud

The Committee shall satisfy itself that the Trust has adequate arrangements in place for the prevention and detection of fraud, bribery and corruption that meet NHSCFA's standards and shall review the outcomes of work in these areas. The Committee shall refer any suspicions of fraud, bribery and corruption to the NHS

Counter Fraud Agency.

The Committee shall receive and consider reports arising from quality inspections by the NHSCFA.

Management

The Committee shall request and review reports, evidence and assurances from Board Committees, directors and managers on the overall arrangements for governance, risk management and internal control. The Committee may also request specific reports from individual functions within the Trust.

Financial reporting and control

The Committee shall monitor the integrity of the financial statements of the Trust and any formal announcements relating to its financial performance. The Committee will ensure that the systems for financial reporting to the Board of Directors, including those of budgetary control, are subject to review as to the completeness and accuracy of the information provided. The Committee shall review the Annual Report and Financial Statements before submission to the Board of Directors, focusing particularly on:

- The Annual Governance Statement and other disclosures relevant to the terms of reference of the Committee
- The quality of financial reports
- Changes in, and compliance with, accounting policies, practices and estimation techniques
- Explanations for significant variances
- Unadjusted misstatements in the financial statements
- Significant judgements in preparation of the financial statements
- Significant adjustments resulting from the audit
- The letter of management representation

As regards Standing Orders and Standing Financial Instructions, the Committee shall:

- Seek assurance regarding the Trust's compliance with Standing Orders and Standing Financial Instructions
- Consider any proposed changes to Standing Orders and Standing Financial Instructions and, as appropriate, make recommendations to the Board.

The Committee shall review schedules of losses and special payments, and review single source tenders.

The Committee shall receive, consider and derive assurance from reports relating to the Trust Charitable Funds Committee with regard to governance, risk management, control, audit and financial reporting.

	<p>Whistleblowing / Freedom to Speak Up The Committee shall review the effectiveness of the arrangements in place for allowing staff to raise (in confidence) concerns about possible improprieties in financial control and reporting, clinical quality, or patient or staff safety or other matters and ensure that any such concerns are investigated proportionately and independently.</p>	
<p>Chairing arrangements</p>	<p>The Chair of the Committee ('the Chair') shall be appointed by the Board of Directors from amongst its Independent, Non-Executive Directors. The Chair should have a financial qualification.</p>	
<p>Membership</p>	<p>Title</p>	<p>Role</p>
	<p>Non-Executive Director</p>	<p>Chair To ensure the Committee functions properly, that there is full participation during meetings, that all relevant matters are discussed and that effective decisions are made and carried out.</p>
	<p>Non-Executive Director</p>	<p>Deputy Chair. To provide independent oversight and challenge</p>
	<p>Non-Executive Director X2</p>	<p>To provide independent oversight and challenge</p>
	<p>Attendees</p>	
	<p>Director of Finance</p>	<p>To support the purpose and aims of the Committee and to agree decisions, actions and provide input and feedback on management issues related to the agenda and work-plan</p>
	<p>Associate Director of Corporate Governance/Board Secretary</p>	<p>To support the purpose and aims of the Committee and to agree decisions, actions and provide input and feedback on management issues related to the agenda and work-plan To support the Chair of the Committee in ensuring that the Committee functions properly</p>
	<p>Accountable Officer</p>	<p>To discuss annually with the Committee the process for assurance that supports the Annual Governance Statement. He or she shall also attend when the Committee considers the draft Annual Governance Statement and, the Annual Report and Accounts</p>
	<p>Representative(s) from Internal audit</p>	<p>To support the purpose and aims of the Committee and to agree decisions, actions and provide input and feedback on management issues related to the agenda and work-plan</p>
	<p>Representative(s)</p>	<p>To support the purpose and aims of the Committee and to agree decisions, actions and provide input and feedback on</p>

	from external audit	management issues related to the agenda and work-plan
	Assigned Local Counter Fraud Specialist	To support the purpose and aims of the Committee and to agree decisions, actions and provide input and feedback on management issues related to the agenda and work-plan. The assigned Local Counter Fraud Specialist will attend a minimum of two Committee meetings a year.
	Other Executive Directors/Directors	To support the purpose and aims of the Committee and to agree decisions, actions and provide input and feedback on management issues related to the agenda and work-plan as required by the Committee
Secretary	<p>The Head of Internal Audit and lead representative of External Audit shall have a right of direct access to the Chairperson of the Committee.</p> <p>The Chairperson of the Trust shall not be a member of the Committee.</p>	
Quorum	<p>Secretarial support will be provided by the Corporate Governance Team.</p> <p>A quorum shall consist of two of the four Independent members.</p> <p>Members should attend at least 75% of meetings within any calendar year. Attendance will be monitored and addressed by the Chair.</p> <p>Should any member be unavailable to attend, they may nominate a deputy, with full voting rights, to attend in their place subject to the agreement of the Chair.</p> <p>The Committee may ask any of those who are in attendance but who are not members to withdraw to enable a full and frank discussion of particular matters.</p> <p>Where the Committee is not quorate, the meeting should be rearranged within 2 weeks.</p>	
Frequency of meetings	<p>The Committee will meet at least five times per annum and shall agree a schedule of meetings at least 12 months in advance. The Committee will consider and keep under consideration the frequency and timing of meetings needed to allow it to discharge all of its responsibilities. The Board of Directors, Accountable Officer, External Auditors or Head of Internal Audit may request of the Committee Chairperson an additional meeting if they consider that one is necessary.</p> <p>At least once a year the Committee shall meet privately with the external and with the internal auditors.</p>	

	<p>At the request of the 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 documented accordingly.</p>
<p>Circulation of papers</p>	<p>The Associate Director of Corporate Governance/Board Secretary will hold an agenda setting meeting with the Chair and/or the Deputy Chair at least 3 weeks before the meeting date.</p> <p>The agenda will be based around the Committee’s work plan, matters arising and requests from the Board of Directors or other Board Committees to consider specific issues. Following approval, the agenda and timetable for papers will be circulated to all Committee members.</p> <p>Agenda items along with accompanying papers to be submitted to the Committee secretary one week prior to meeting dates.</p> <p>The agenda and papers for meetings will be distributed five working days in advance of the meeting.</p> <p>The minutes, highlight report and action log will be circulated to members within seven working days of the meeting to check the accuracy.</p> <p>Members must forward amendments to the Committee secretary within the next seven days.</p>
<p>Reporting</p>	<p>The Committee Chair shall report formally, regularly and on a timely basis to the Board of Directors on the Committee’s activities by:</p> <ul style="list-style-type: none"> • Providing a written update report (including detailed commentary on the assurance received and risks identified in relation to the key controls identified within the Board Assurance Framework) following each meeting and the presentation of an annual report for each of its operational duties. • The minutes of the Committee's meetings shall be formally recorded by the Secretary and submitted to the Board of Directors. The Chairperson 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. • Bringing to the Board of Director’s specific attention any significant matter under consideration by the Committee. • Ensuring appropriate escalation arrangements are in place to alert the Foundation Trust Board Chair, Chief Executive or Chairs of other relevant Committees of any urgent/critical matters that may compromise the delivery of the Foundation Trust’s Strategic Objectives. <p>Reporting to the Board of Directors at least annually on its work in support of</p>

	<p>the annual governance statement, specifically commenting on:</p> <ul style="list-style-type: none"> • 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. <p>This Audit Committee Annual Report will also describe how the Committee has fulfilled its terms of reference and give details of any significant issues that the Committee considered and how they were addressed.</p> <p>If, through the course of Committee business an issue is raised which needs immediate escalation, or action taken, which is outside of the remit of the Committee this should be escalated to the appropriate Executive meeting, via the chair, for discussion and action.</p> <p>The Committee shall undertake an annual self-assessment. It will report thereon to the Board of Directors. These terms of reference and operating arrangements shall be reviewed on at least an annual basis by the Committee for approval by the Board of Directors.</p>
Date agreed by the Audit Committee:	2 November 2021
Date approved by the Trust Board:	18 November 2021
Review date:	October 2022