

Audit Committee Terms of Reference

1. Authority

- 1.1. The Audit Committee (the Committee) is constituted as a standing committee of the Trust Board. The Committee is a Non-Executive Committee and has no executive powers, other than those specifically delegated in these Terms of Reference. The Terms of Reference can only be amended with the approval of the Trust Board.
- 1.2. The Committee is authorised by the Trust Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any member of staff and all members of staff are directed to co-operate with any request made by the Committee.
- 1.3. The Committee is authorised by the Trust Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experiences and expertise if it considers this necessary.

2. Purpose of the Committee

- 2.1. The Audit Committee is responsible for providing assurance to the Trust Board on the Trust's system of internal control by means of independent and objective review of financial and corporate governance, and risk management arrangements, including compliance with law, guidance, and regulations governing the NHS.

3. Membership

- 3.1. The membership of the committee shall be composed of the following core members:
 - Chairman of the Committee, Non-executive Director (Mrs Anne Tutt)
 - Vice-Chairman of the Committee, Non-executive Director (Mr Christopher Goard)
 - Non-Executive Director
- 3.2. Full membership of the Committee is limited to Non-Executive Directors, whom the Board appoints on the recommendation of the Chairman of the Trust. The Chairman may not be a member of the Committee. At least one of the Non-executive Directors should have recent and relevant financial experience.
- 3.3. The Chief Executive, Chief Finance Officer and Director of Assurance, Internal and External Auditors shall generally be in attendance at routine meetings of the Audit Committee.

- 3.4. The Chairman of the Board's Quality Committee shall be invited to attend (Mr Geoff Salt, Non-executive Director)
- 3.5. Other Non-Executive Directors of the Trust may attend the Audit Committee meetings as associate members of the committee. In the event that any of the core members of the Audit Committee are unable to attend a meeting, a substitute Non-Executive Director may attend in their place, with the prior consent of the Chairman.
- 3.6. In line with best practice the Chairman of the Trust Board is not a formal member of the Audit Committee, but may be in attendance at committee meetings.
- 3.7. The Audit Committee may sit privately without any non-members present for all or part of the meeting if they so decide.

4. Attendance and Quorum

- 4.1 The quorum for any meeting of the Committee shall be attendance by two core members of Non-executive Directors.
- 4.2 It is expected that all members will attend at least 3 out of 5 committee meetings per financial year. An attendance record will be held for each meeting and an annual register of attendance will be included in the annual report of the committee to the Board.
- 4.3 The Chair may request attendance by relevant staff at any meeting.

5. Frequency of meetings

- 5.1. Meetings of the Committee shall be held five times per year, scheduled to support the business cycle of the Trust and at such other times as the Chairman of the Committee shall identify, subject to agreement with the Chairman of the Trust and the Chief Executive.
- 5.2 The Chairman may at any time convene additional meetings of the Committee to consider business that requires urgent attention.
- 5.3 Meetings of the Committee shall be set at the start of the calendar year.
- 5.4 The Internal and External Auditors shall be afforded the opportunity at least once per year to meet with the Committee without Executive Directors present.

6. Specific Duties

- 6.1 The specific responsibilities of the Committee are to have primary responsibility for financial risk and associated controls, corporate governance and financial assurance.

Internal Control and Risk Management

- To ensure the provision and maintenance of an effective system of financial risk identification and associated controls, reporting and governance.

- To maintain an oversight of the Trust's general risk management structures, processes and responsibilities, including the production and issue of any risk and control related disclosure statements.
- To review the risk register at each meeting or as the Board determines.
- To monitor and review the Board Assurance Framework, and ensure its presentation to the Board of Directors at intervals that the Board determines.
- To receive and consider the Annual Governance Statement, making recommendations to the Board for approval, where appropriate.
- To review the adequacy of the policies and procedures for all counter fraud work.
- To review the adequacy of the Trust's arrangements by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and control, or related matters or other matters of concern.
- To oversee the maintenance of the policy framework of the Trust, in particular the Policy for the Development of Procedural Documents.
- To oversee the effective governance of key anti-bribery and corruption activities and risks;

Internal Audit

- To oversee the effective operation of Internal Audit and ensure its co-ordination with External Audit.
- To review the Internal Audit programme, consider the major findings of Internal Audit investigations and management's response, and monitor progress on implementation of recommendations.

External Audit

- To assess the External Auditor's work and fees on an annual basis.
- To discuss with the External Auditor, before the audit commences, the nature and scope of the audit, and ensure co-ordination, as appropriate, with other External Auditors in the local health economy.
- To review External Audit reports, including the Annual Audit Letter, together with the management response, and to monitor progress on the implementation of recommendations.
- To develop and implement a policy on the External Auditor to supply non-audit services.

Annual Account Review

- To review the Trust's annual statutory accounts, before they are presented to the Trust Board, to determine their objectivity, integrity and accuracy. This review will cover:

- The meaning and significance of the figures, notes and significant changes;
- Accounting policies and practices followed and significant changes;
- Explanation of estimates or provisions having material effect;
- The schedule of losses and special payments;
- Any reservations and disagreements between the External Auditors and management not satisfactorily resolved.

Standing Orders, Standing Financial Instructions and Standards of Business Conduct

- To review on behalf of the Trust Board the operation of, and proposed changes to the Standing Orders and Standing Financial Instructions, Codes of Conduct and Standards of Business Conduct; including maintenance of registers of interest.
- To examine the circumstances of any significant departure from the requirements of any of the foregoing.
- To review the Scheme of Delegation

Other audit related issues

- To review performance indicators relevant to the Committee.
- To examine any other matter referred to the Committee by the Trust Board and to initiate investigation as determined by the Committee.
- To annually review the accounting policies of the Trust and make appropriate recommendations to the Trust Board.
- Identify annual objectives of the Committee, produce an annual work plan in the agreed Trust format, measure performance at the end of the year and produce an annual report

7. Sub-Committees

7.1 The Committee has no established sub-committees.

8. Administrative Support

8.1 The Committee will be supported by the Chief Finance Officer, as the nominated lead Executive Director. The Committee will be supported administratively by the Head of Corporate Governance, whose duties in this respect will include:

- Agreement of the agenda with the Chief Finance Officer and the Committee Chair, collation and distribution of papers at least five working days before each meeting.
- Taking the minutes and keeping a record of matters arising and issues to be carried forward.
- Providing support to the Chair and members as required.

9. Accountability and Reporting arrangements

- 9.1 The Committee shall be directly accountable to the Trust Board.
- 9.2 The Committee shall refer to the Board any issues of concern it has with regard to any lack of assurance in respect of any financial or operational aspect. The proceedings of each meeting of the Audit Committee shall be reported to the next meeting of the Board following production of the minutes. The Chair of the Committee shall prepare a summary report to the Board detailing items discussed, actions agreed and issues to be referred to the Board. The Chair of the Committee is also required to inform the Board on any exceptions to the annual work plan or strategy. The Chair will report any specific issues on the risk register to the Audit Committee.

10. Monitoring Effectiveness and Compliance with Terms of Reference

- 10.1. The Committee will carry out an annual review of its effectiveness and provide an annual report to the Board on its work in discharging its responsibilities, delivering its objectives and complying with its terms of reference, specifically commenting on relevant aspects of the Board Assurance Framework and relevant regulatory frameworks.

11. Review of Terms of Reference

- 11.1. The Terms of Reference of the committee shall be reviewed at least annually by the Committee and approved by the Trust Board.

Date approved: July 2017
Approved by: Trust Board
Next review date: July 2018

Appendix 1

Audit Committee Membership 2017/18

Non-Executive Director (Chair)	Mrs Anne Tutt
Non-Executive Director (Vice Chair)	Mr Christopher Goard
Non-Executive Director	Mr Alisdair Cameron

Appendix 2

Audit Committee Objectives 2017/18

The Committee's overarching objective is to provide assurance on the Trust's system of internal control by means of independent and objective review of financial and corporate governance, and risk management arrangements, including compliance with law, guidance, and regulations governing the NHS. In particular it will:

- Review reports from:
 - Internal Audit;
 - External Audit;
 - Counter Fraud;
- Review the Board Assurance Framework and Corporate Risk Register in detail through continued use of the deep dive process.
- Review other papers from Executive Directors in line with the Cycle of Business set out on the next page; this has been set out to cover the Terms of Reference.