

Audit and Risk Committee Terms of Reference

1. Strategic Statement

The Audit and Risk Committee is accountable to the Trust Board. It is responsible for reviewing on behalf of the Board the establishment and maintenance of effective systems of integrated governance, risk management and internal control across the whole of the organisation's activities clinical and non clinical.

2. Constitution

The Audit and Risk Committee is formed under formal resolution of the Trust Board as follows:

The Trust Board hereby resolves to establish a sub-committee to be known as the Audit and Risk Committee. The Audit Committee holds only those executive powers as delegated in these Terms of Reference.

3. Relationships

The Audit and Risk Committee is chaired by a Non-Executive Director of the Board. Subject to such directions as may be given by the Trust Board, it may establish sub-committees as appropriate and determine the membership and terms of reference of such.

The Standing Orders and Standing Financial Instructions of the Trust, as far as they are applicable, shall apply to the Audit and Risk Committee and its sub-committees. In which case the term "Chairman" is to be read as a reference to the Chairman of the committee as the context permits, and the term "member" is to be read as a reference to a member of the committee also as the context permits.

The Audit and Risk Committee may not delegate executive powers to any sub-committee unless expressly authorised to do so by the Trust Board

4. Membership

The membership of the committee shall comprise the following:

Voting Members

Non Executive Director x3 (chair and vice chair)

(The Chairman of the Trust shall not be a member of the Committee)

In attendance

Director of Finance

Representative from Internal Audit

Representative from External Audit

Trust Secretary

The Chief Executive shall attend the Audit and Risk Committee not less than annually to discuss, amongst other things, the Trusts Statement of Internal Control.

5. Attendance

A quorum shall be two of the voting members, including the chair or vice chair of the committee. Members will be required to attend at least 60% of all scheduled meetings within each year.

6. Administration

The Trust Secretary will ensure appropriate support is afforded the Committee.

7. Frequency

The Audit and Risk Committee will meet not less than three times a year.

8. Authority

The Audit and Risk Committee is authorised to take action and investigate any actions arising from its meetings and through the reporting bodies. On behalf of the Trust Board, it will seek to confirm the adequacy of controls and positive assurances on the controls with respect to the risk, and governance objectives of the Trust. It will promptly report to the Trust Board those matters where, in the opinion of the Committee, insufficient controls or assurances can be given or any other matter of concern. It is authorised to seek clarification and further investigation as necessary.

9. Core Duties

The core duties of the committee will be as follows:

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.

In particular, the Committee will review the adequacy of:-

- All risk and control related disclosure statements (in particular the Governance Statement), 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 objectives, 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 and any related reporting and self certifications.
- The policies and procedures for all work related to fraud and security as required by NHS Protect.

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. 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 that of the audit and assurance functions that report to it.

On behalf of the Board has responsibility to seek appropriate assurances in relation to the maintenance and management of the Board Assurance Framework and Corporate Risk Register. This will include appropriate reference to the work of the Board Assurance Committees.

Internal Audit

The Committee shall ensure that there is an effective internal audit function established by management that meets the public sector Internal Audit Standards 2013 and provides appropriate independent assurance to the Audit Committee, Chief Executive and the Trust Board. This will be achieved by:

- Considering provision of Internal Audit Service and costs involved
- 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.
- Ensuring that the Internal Audit function is adequately resourced and has appropriate standing within the organisation.
- Annual review of the effectiveness of Internal Audit.

External Audit

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

- 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 co-ordination, as appropriate, with other External Auditors in the local health economy.
- Discussion with the External Auditors of their local evaluation of the audit risks and assessment of the Trust and associated impact on the audit fee.
- Review of External Audit reports, including the report to those charged with governance and any work carried outside of the Annual Audit Plan, together with the appropriateness of management responses.

Other 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 the Department of Health Arms Length Bodies or Regulators / Inspectors (e.g. Care Quality Commission, NHS Litigation Authority, etc) professional bodies with responsibility for the performance of staff or functions (e.g. Royal College accreditation bodies etc).

In addition, the Committee will review the work of other committees within the organisation, whose work can provide relevant assurance to the Committee's own areas of responsibility. In particular, this will include any clinical governance, risk management or quality committees that are established.

In reviewing the work of a clinical governance committee, and issues around clinical risk management, the Committee may wish to satisfy itself on the assurance that can be gained from the clinical audit function.

Counter fraud

The Committee shall satisfy itself that the organisation has adequate arrangements in place for counter fraud and security that meet NHS Protect's standards and shall review the outcomes of work in these areas.

Management

The Committee shall request and review reports and positive assurances from 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 organisation (e.g. clinical audit) as they may be appropriate to the overall arrangements.

Financial Reporting

The Committee shall review the Annual Report and Financial Statements before submission to the Trust 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 Trust Board, including those of budgetary control, are subject to review as to completeness and accuracy of the information provided to the Trust Board.