

AUDIT and RISK COMMITTEE

*Appointed by Trust Board
Reports and accountable to the Trust Board
(Statutory)*

TERMS OF REFERENCE

Overview

The Audit and Risk Committee (the Committee) is a formally constituted Committee of the Board of Directors (Trust Board).

Summary of purpose

This Committee shall provide the Board with a means of independent and objective review of financial and corporate governance, assurance processes and risk management across the whole of the Trust's activities both generally and in support of the annual governance statement.

Role and Duties, as delegated by the Trust Board

Strategy and Planning

1. Discuss with external audit the main issues and parameters for audit planning in preparation for the Annual Audit Plan.
2. Review and approval of the internal audit plan, ensuring that there is consistency with the audit needs of the organisation as identified in the Assurance Framework and co-ordination with the work of external audit.

Capability and Culture

3. To ensure there is an effective internal audit function that meets mandatory NHS Internal Audit Standards and best audit practice, and provides appropriate independent assurance to the Audit and Risk Committee, Chief Executive and Trust Board.
4. To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into account relevant UK professional and regulatory requirements.
5. To review the establishment and maintenance of an effective system of integrated governance, internal control and risk management across the whole of the organisation's activities (both clinical and non-clinical) that supports the achievement of the Trust's principal objectives

Process and Structures

6. To review and sign off prior to formal approval by the Board, the annual report, statutory accounts and quality accounts as well as receiving the draft audit letter.
7. To endorse the annual governance statement by and on behalf of the Board, confirming compliance with relevant requirements and conditions as at the date of the statement and anticipated compliance with this for the next financial year. (FT4 8(a))
8. To assure itself that processes are in place to ensure compliance with all applicable legal requirements. (FT4 5(h)) by keeping under review the Trust's compliance with Monitor's Code of Governance for Foundation Trusts, and other regulatory guidance or best practice.
9. To provide assurance to the Trust Board that systems and processes are in place to ensure compliance with the Trust's duty to operate efficiently, economically and effectively. (FT4 5(a))
10. To seek assurance that processes in place to identify and manage (including but not restricted to manage through forward plans) material risks to compliance with the regulations and requirements set out by the Trust's regulators, and to the continued operation of the Trust, are effective and embedded in Trust governance arrangements. (FT4 5(f))
11. To oversee systems of accountability throughout the Trust, including but not restricted to systems and/or processes for escalating and resolving issues and escalating them to the Board where appropriate. (FT4 5(f)), including reviewing arrangements by which staff may raise, in confidence, concerns about possible inappropriateness in matters of financial reporting and control, clinical quality, patient safety or other matters, ensuring that there is proportionate and independent investigation and follow-up action, for recommendation to the Board for agreement.
12. Upon commencing operation as a Foundation Trust, to support and advise the Council of Governors in its task of appointing the Trust's External Auditor.

Measurement

13. To oversee the programmes of Internal Audit, External Audit and the Local Counter Fraud Specialist to ensure timely and effective scrutiny and oversight of Trust operations is maintained, and maintain an oversight of the effectiveness of these audit processes. (FT4 5(b))
14. 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, provided that the financial and other implications of seeking outside advisers have been discussed and agreed by the Executive Director of Resources and/or Chief Executive.

Accountability/reporting requirements

1. This Committee is accountable to the Trust Board.
2. Minutes will be prepared after each meeting of this Committee and circulated to members of the Committee and others as necessary.
3. The key issues of the Committee will be included in the Board of Directors agenda and papers in the Chair's Report. The draft minutes of the Committee meeting will be included in the agenda and papers of the following Board meeting.
4. The Chair of the Committee shall draw to the attention of Trust Board any issues that require disclosure to the full Board, or require Executive action, or otherwise require the Board's attention.
5. The Committee will report to Trust Board annually on its work.
6. The Committee will draw to the attention to any other Committee or the Board, any issues which it believes requires that committee's consideration.
7. The Committee will draw to the immediate attention of the Board and or its individual members any issue which, in its view, requires urgent consideration.

Membership

The membership will comprise 3 Non-Executive Directors, one of whom shall Chair the Committee, appointed by the Trust Board.

The Chair of the Trust will not be a Member of the Committee, nor act as a substitute.

Meeting requirements

1. Quorum – The quorum for meetings of the Committee shall be two members, ensuring compliance with the Trust Standing Orders.
2. Substitutes/Deputies - Any Non-Executive Director of the Trust may act as nominated substitute / deputy in the unavoidable absence of any Non-Executive and this attendance will count towards the quorum.
3. Invitees - Executive Directors will be invited to attend, especially when the Committee is discussing areas of risk or assurance relating to a Director's work stream.

The Committee may invite Governors to attend, where required.

Any member of Trust Board and the Company Secretary may attend meetings of the Committee.

No other persons may attend without the specific invitation of the Chair of the Committee.

The Committee may invite to attend on a regular or ad hoc basis, as it wishes, service users and carers to provide their own perspective into the Committee.

4. Regular Attendees – The Chief Executive, the Medical Director and the Director of Resources (or in their absence their deputies) are expected to attend regularly.

The External and Internal Auditors will attend as agreed by the Chair of the Committee.

5. Support – The work of this Committee will be supported by the Director of Resources who will normally attend and ensure appropriate attendance from other directors and officers.
6. Frequency of Meetings – The Committee will meet as a minimum six times per year with additional meetings being called where necessary.
7. Additional meetings – The External Auditor or Head of Internal Audit may request a meeting of the Committee if they consider that one is necessary.
8. Administration of Committee – The Governance Team directorate shall provide appropriate administrative support, guidance and advice to the Chair and Committee members.
9. Notice of Meetings – unless otherwise agreed, notice of each meeting confirming the venue, time and

date, together with an agenda of items to be discussed, shall be available to each member of the Committee and other persons required to attend no later than 5 working days before the date of the meeting, unless it is deemed inappropriate to wait until the next meeting.

Agendas

The Committee will receive reports for each meeting on activity under the following headings:

- Assurance, Risk & Control
- Audit, Accounts and External reporting
- Finance
- Committee Review

Annually, one meeting should include a discussion of the external audit letter between the External Auditors and the Non-Executive Chair.

Lead contact for this Meeting

Director of Resources

Monitoring Effectiveness

In order to support the continual improvement of governance standards this Group is required to complete a self-assessment of effectiveness at least annually and advise the Trust Board of any suggested amendments to these Terms of Reference which would improve governance arrangements. The process for monitoring will take the form of a report to the Committee on the work of the Group, membership and attendance.

Review

1. These Terms of Reference were agreed by the Trust Board on XXX
2. The Terms of Reference of this Group must be reviewed and subsequently approved by the Trust Board at least annually.