

AUDIT AND ASSURANCE COMMITTEE

TERMS OF REFERENCE

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|----------------------------------|---|
| Policy | X |
| Review of Policy | ✓ |
| Review of Trust Area of Activity | ✓ |
| Operations | X |
| Resource Management | X |

The Audit Committee is authorised by the Trust Main Board:

1. To investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee (both directly and indirectly employed) and all employees are directed to co-operate with any request made by the Committee. Members of other NHS organisations may also be invited to co-operate with the Committee.
2. To obtain outside legal or other independent professional advice and to secure attendance of outsiders with relevant experience and expertise if it considers this necessary.

The Audit Committee is responsible to the Main Board for the following main functions:

3. To consider, with Governors, the appointment of the external auditor, in line with the Code of Conduct for Foundation Trusts, and the audit fee. It is the role of the Council of Governors to appoint or remove the Trust's external auditor.
4. 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 health economy and with the Trust's internal auditors.
5. To review external audit reports, including value for money reports and annual audit letters, together with the management response.

Membership & Responsibilities

Not less than three Non-Executive Directors

Chair

A Non-Executive Director

Vice Chair

A Non-Executive Director

Members

A Non-Executive Director

(One Non-Executive Director should also be a member of the Finance Committee)

Attendees

- Chief Executive
- Finance Director
- Chief Operating Officer
- Trust Secretary
- Director of Safety
- Director of Operational Finance
- Representatives of the External Auditors
- Representatives of the Internal Auditors
- A representative of the Local Counter Fraud Service
- One Governor

Officer

PA to Director of Finance

Quorum

The Committee shall be quorate when at least two Non-Executive Directors are present

Frequency of Meetings

Not less than six times a year, including at least one meeting a year with both the internal and external auditors but without executive Board members and including at least one meeting at which the Chief Executive and/or the Chair is present as an observer. The external auditors or internal auditors

6. To consider the appointment of the internal audit service, the audit fee and any questions of resignation and dismissal.

may request a meeting if they consider that one is necessary.

Reporting Line
Trust Main Board

Sub-Committees
None

Submission/Availability of Minutes
Minutes are held by the PA to Director of Finance and are circulated to members and attendees following the meeting.

7. To approve and review the internal audit programme in line with the Assurance Framework, consider the major findings of internal audit investigations and management's response, to receive and review the Head of Internal Audit opinion and ensure co-ordination between the internal and external auditors.

8. To ensure that the Internal Audit function is adequately resourced and has appropriate standing within the organisation.

9. To prepare an Annual Report that sets out how the Committee has met its Terms of Reference.

10. To offer assurance to the Board that the Trust has a robust Assurance Framework which is operating satisfactorily and which ensures that the same level of scrutiny is given to clinical risks as to strategic, financial and operational risks. This will be done through consideration of the annual report of the Quality Committee and an annual review of the Assurance Framework prior to the preparation of the Annual Governance Statement.

11. To review the annual financial statements before submission to the Board, focusing particularly on:

- changes in, and compliance with, accounting policies and practices;
- major judgemental areas
- significant adjustments resulting from the audit.

12. To review the adequacy of the policies and procedures for all work related to fraud and corruption as set out in Secretary of State Directions and as requested by the Directorate of Counter Fraud Services; and to review any instances of fraud logged.

13. To ensure that the Standing Financial Instructions (SFIs) and Standing Orders (SOs) are maintained and are kept up to date, with an annual review.

14. To review any instances where the SFIs/SOs have been overruled by any individual within the Trust; or any occasions where SOs have been suspended at a meeting.

15. To review any instances where the Chief Executive has waived competitive tendering or competitive quotation requirements, or has given approval to a tender invitation to a firm not on the approved list.

16. To consider any instances of Director's interests in any potential contracts.

17. To review any changes to the internal controls within the Trust.
18. To review any special payments made with respect to compensation for any losses.
19. To consider other topics as defined by the Board from time to time.
20. To present the minutes of Committee meetings to the Board following each meeting of the Committee.