

### Audit Committee Terms of Reference

| <b>Document Change Control</b> |                       |                                     |  |                                   |
|--------------------------------|-----------------------|-------------------------------------|--|-----------------------------------|
| <b>Date of version</b>         | <b>Version number</b> | <b>Type of Revision Major/minor</b> | <b>Description of Revisions</b>          | <b>Author</b>                     |
| April 2018                     | 1                     | Approved version                    | Approved by the Trust Board of Directors |                                   |
| February 2019                  | 2                     | Major                               | All sections revised                     | Director of Corporate Governance  |
| March 2020                     | 2.1                   | Minor                               | Annual Revision                          | Director of Corporate Governance  |
| March 2021                     | 2.2                   | Nil changes                         | Annual Revision                          | Director of Corporate Governance  |
| Dec 2021                       | 2.3                   | Nil changes                         | Annual Revision                          | Director of Integrated Governance |

## **1) Purpose and function**

The purpose and function of the Committee is to:

- 1.1. Monitor the integrity of the financial statements of the Trust, any formal financial performance, and reviewing significant financial reporting judgements contained in them
- 1.2.

- The Chief Executive
- The Chief Finance Officer, or a nominated Deputy
- Representatives from the External (Appointed) Auditors, Internal Auditors and Counter Fraud advisors
- The Director of Corporate Governance, or nominated deputy, will act as Secretary to the Committee and will therefore attend all meetings
- Financial Controller
- Others by invitation this may include executive sponsors in the case of audit reports Executive and Non-Executive Directors can attend any Board Committee in order to exercise their functions.

#### **4. Roles and Responsibilities (not delegated unless otherwise stated)**

##### **4.1 Financial reporting**

The Committee shall:

- a) Ensure the integrity of the annual report and financial statements of the Trust, and any other formal announcements relating to its financial performance, reviewing significant reporting issues and judgements which they contain
- b) Review summary financial statements, significant financial returns to regulators and any financial information contained in other official documents, including the Annual Governance Statement, focusing in particular on:
  - Any changes in accounting policies and practices
  - Major judgmental areas
  - Value for Money considerations
  - Significant adjustments arising from the audit
  - The going concern basis
  - Compliance with accounting standards
  - Major risks to the Trust
- c)

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Framework and processes that indicate the degree of the achievement of corporate objectives, the effectiveness of the management of principle risks and the appropriateness of the above disclosure statements
- d) Review the policies for ensuring compliance with relevant regulatory, legal and code of conduct requirements, any related reporting and self-certifications, and work related to counter fraud and security as required by the NHS Counter Fraud Authority
- e) Receive assurance from Internal Audit, External Audit, Directors and managers, including evidence of compliance with systems of governance, risk management and internal control, together with indicators of their effectiveness.

### 4.3 Internal Audit and Counter Fraud

The Committee shall:

- a) Ensure that there is an effective Internal Audit function that meets the aspirations of *Government Internal Audit Standards* and provides appropriate independent assurance to the Committee, Chief Executive and Board of Directors
- b) Consider and approve the Internal Audit Strategy and annual plan recommended by the Chief Finance Officer and ensure there are adequate resources and access to information, including the Board Assurance Framework, to enable it to perform its function effectively and in accordance with the relevant professional standards. The Committee shall also ensure the function has adequate standing and is free from management or other restrictions
- c) Review promptly all reports on the Trust from the Internal and External Auditors, review recommendations of reports, and ensure coordination between Internal and External Auditors to assist the Executive to optimise use of audit resource
- d) Meet the Head of Internal Audit at least once a year, without management being present, to discuss their remit and any issues arising from the internal audits carried out. The Head of Internal Audit shall be given the right of direct access to the Chair of the Committee, Chief Executive, Board of Directors and to the Committee
- e) resources, including an assessment of the effectiveness of these services.

### 4.4 External Audit

The Committee shall:

- a) In conjunction with the Chief Finance Officer, consider and make recommendations to the Council of Governors, in relation to the appointment, re-appointment and removal  
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- b) Work with the Chief Finance Officer and the Council of Governors to manage the selection process for new auditors and, if an auditor resigns, the Committee shall investigate the issues leading to this, and make any associated recommendations to the Council of Governors
- c) Receive assurance of External Auditor compliance with the Audit Code for NHS Foundation Trusts
- d) for audit or non-audit services and the appropriateness of fees, to enable an adequate audit to be conducted
- e) effectiveness of the audit process. In particular, the Committee will review the work and findings of the External responses to their work
- f) Meet the external auditor at least once a year, without management being present, to discuss their remit and any issues arising from the audit



- minute the proceedings of all Committee meetings, and draft minutes of Committee meetings shall be made available promptly to all members of the Committee
- keeping a record of actions, matters arising and issues to be carried forward
- advising the Committee on pertinent issues/areas

Enabling the development and training of Committee members

- c) The Committee must consider the frequency and timing of meetings needed to allow it to discharge all of its responsibilities.
- d) Meetings will be held at least quarterly, an additional meeting to review the draft annual report and accounts, with additional meetings where necessary.

Notice of meetings

- e) An agenda of items to be discussed will be forwarded to each member of the Committee and any other person required to attend, no later than five working days before the date of the meeting. Supporting papers will be sent to Committee members and to other attendees as appropriate, at the same time.
- f) In normal circumstances, a minimum notice period of two weeks must be given for any other meetings of the Committee. Emergency meetings can be arranged, at shorter notice, if this is approved and evidenced as such, by the majority of the members of the Committee.

**Approved 7<sup>th</sup> April 2022 Trust Board**