

Audit Committee - Terms of Reference

Introduction

1. This document comprises the terms of reference, constitution and modus operandi of the Audit Committee.
2. The document conforms to best practice documentation procedure (NHS Litigation Authority Risk Management Standards 2013/14 and NHS Audit Committee Handbook 2014) and sets out the principles by which the Audit Committee will transact its business with due diligence and regard for the population it serves, its strategic health economy partners and the general public.

Constitution

3. The Board of Directors hereby resolves to establish the Audit Committee as a sub-committee of the Board. The Committee is a non-executive committee of the Board and has no executive powers, other than those specifically delegated in these terms of reference.

Membership

4. Membership of the committee will be;
 - 4 x Non-Executive Directors including the Non-Executive Chair
5. A quorum shall be two members. The Chair of the Trust is not a member of the committee but will be invited to attend the meeting annually at the request of the Audit Chair for year-end review and approvals.
6. One of the Non-Executive Directors, appointed by the Council of Governors, will be specifically appointed as the Chair of the Audit Committee according to their skills and qualifications.
7. The composition of the committee will be given in Wirral Community Health & Care NHS Foundation Trust's Annual Report.

Attendance

8. The Chief Finance Officer and appropriate internal and external audit representatives shall normally attend meetings. At least once a year the members will meet privately with the external and internal auditors.
9. The Chief Executive will be requested to attend annually to review the processes for assurance that support the Annual Governance Statement and the approval of the year-end accounts and annual report.
10. All other Executive Directors should be invited to attend, particularly when the committee is discussing areas of risk or operation that are the responsibility of that Director.
11. The Director of Corporate Affairs shall provide support to the Chair and members and make arrangements for the minutes of the meeting to be recorded.
12. Agendas and supporting documentation will be circulated at least 3 working days (or 2 working days plus a weekend) in advance of the meeting.

Frequency

13. The committee will consider the frequency and timings of meetings to ensure it is able to discharge all its responsibilities. A benchmark of five meetings per annum at appropriate times in the reporting and audit cycle will be considered. The external auditors or Head of Internal Audit may request a meeting if they consider that one is necessary and should have a right of access to the Chair of the Audit Committee at any time.
14. Committee members will be expected to attend at least three quarters of scheduled meetings annually.

Authority

15. In order to facilitate the achievement of good governance, the committee is authorised by the Board of Directors to investigate any activity within its terms of reference.
16. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the committee.
17. Matters for consideration by the committee may be nominated by any member of the committee or Executive Director of Wirral Community Health & Care NHS Foundation Trust.
18. The committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of advisers with relevant experience and expertise if it considers this necessary. The sourcing of legal advice and other external services should be made in accordance with the standing financial instructions and table of delegated authority contained in the Corporate Governance Manual (available on Staff Zone).

Duties

19. The committee will formally agree and record its precise terms of reference, specifying which duties fall within its areas of responsibility, its composition and the arrangements for reporting.
20. In performing its duties, the committee will provide assurance to the Board of Directors that all areas of equality and diversity practices are being observed in order that it remains compliant with its public sector equality duty. The committee will also progress any actions devolved to it by Board of Directors.
21. In order to fulfil its role effectively, the committee will undertake the following:

Governance, risk management and internal control

22. The committee shall seek an independent review of the work of the relevant committees to enable it to 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.
23. The committee shall have responsibility for final sign off of the Trust's Annual Quality Report.
24. The committee will specifically review the adequacy and effectiveness of:

- All risk and control related disclosure statements (in particular the Annual 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 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 related reporting and self-certification
 - The Corporate Governance Manual, Standing Orders, Standing Financial Instructions and Scheme of Delegation.
 - The policies and procedures for all work related to fraud and corruption in accordance with the requirements of the NHS Counter Fraud Authority (NHSCFA)
25. 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 sources. 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.

Internal audit

26. The committee shall ensure that there is an effective internal function that meets mandatory Public Sector Internal Audit Standards and provides appropriate independent assurance to the Audit Committee, Chief Executive and Board of Directors.
27. This will be achieved by:
- Consideration of the provision of the internal audit service, the cost of the audit and any questions of resignations and dismissal
 - 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
 - Considering the major findings of internal audit work (and management's response), and ensuring co-ordination between the internal and external auditors to optimise audit resources through the use of the audit tracker (the detail of the internal audit reports will be scrutinised at the relevant committees of the board)
 - Ensuring that the internal audit function is adequately resourced and has appropriate standing within the organisation
 - Conducting an annual review of the effectiveness of internal audit

External audit

28. The committee shall review the work and findings of the external auditors and consider the implications and management's responses to their work.
29. This will be achieved by:
- Considering the performance of the external auditors.
 - Discussing and agreeing with the external auditors, before the audit commences, the nature and scope of the audit as set out in the annual plan, and ensuring co-ordination, as appropriate, with other external auditors in the local health economy

- Discussing with the external auditors their local evaluation of audit risks and assessment of the Trust and associated impact on the audit fee
- Reviewing all external audit reports, including the report to those charged with governance, agreement of the annual audit letter before submission to the Board and any work undertaken outside the annual audit plan, together with the appropriateness of management responses.

Other assurance functions

30. The Audit Committee shall review the findings of other significant assurance functions, both internal and external to the organisation, and consider the implications for the governance of the organisation.
31. These will include, but will not be limited to, any reviews by the Department of Health arm's length bodies or regulators/inspectors (for example, the Care Quality Commission, NHS Resolution and professional bodies with responsibility for the performance of staff functions (for example, Royal Colleges, accreditation bodies, etc)
32. In addition, the committee will review the work of other committees within the organisation, whose work can provide relevant assurance to the Audit Committee's own scope of work
33. In reviewing the work of the Quality & Safety Committee, and issues around clinical risk management, the Audit Committee will wish to satisfy itself on the assurance that can be gained from the clinical audit function.

Counter Fraud

34. The committee shall satisfy itself that the organisation has adequate arrangements in place for countering fraud and shall approve the counter fraud plan and review the outcomes of counter fraud work.

Management

35. 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.
36. The committee may also request specific reports from individual functions within the organisation (for example, clinical audit) as they may be appropriate to the overall arrangements.

Financial Reporting

37. The Audit Committee shall monitor the integrity of the financial statements of the Trust and any formal announcements relating to the Trust's financial performance.
38. The committee should ensure that the systems for financial reporting to the Board, including those of budgetary control, are subject to review as to completeness and accuracy of the information provided to the Board.
39. The Audit Committee shall review the annual report and financial statements before submission to the 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, practices and estimation techniques
- Unadjusted mis-statements in the financial statements
- Significant judgements in preparation of the financial statements
- Significant adjustments resulting from the audit
- Letter of representation
- Qualitative aspects of financial reporting.

Freedom To Speak Up (Whistleblowing)

40. In accordance with the UK Code, the Audit Committee shall remain aware of the arrangements and processes in place by which staff of the organisation may in confidence, raise concerns about possible improprieties in matters of financial reporting or others matters.
41. The Audit Committee shall acknowledge the work and oversight of the Board of Directors and the Quality & Safety Committee in the application of the Trust's Raising Concerns Policy (GP51). This will be facilitated through the Audit Committee's review of the minutes from the Quality & Safety Committee where triannual assurance reports are presented.

Relationship with and reporting to the Board

42. The minutes of the Audit Committee will be formally recorded by the Director of Corporate Affairs and submitted to the Board. The Chair of the Committee will draw to the attention of the Board any issues that require disclosure to the full Board, or require Executive action.
43. The minutes of the meeting and action points arising shall be issued to the committee within two weeks for comment and agreement. The minutes will be formally approved at the next available meeting of the Audit Committee.
44. The committee will report to the Board at least annually on its work in support of Annual Governance Statement, specifically commenting on the fitness for purpose of the Assurance Framework, the completeness and integration of risk management in the organisation, the integration of governance arrangements, the appropriateness of the evidence compiled to demonstrate fitness to register with the CQC and the robustness of the processes behind the quality accounts.
45. The committee shall be supported by the Director of Corporate Affairs, whose duties in this respect will include:
 - Agreement of agendas with Chair and attendees and collation of papers
 - Arranging for minutes of the meeting to be recorded
 - Keeping a record of matters arising and issues to be carried forward
 - Advising the Committee on pertinent issues/areas
 - Enabling the development and training of committee members

Links with other committees

46. The Audit Committee will receive the minutes of the Quality & Safety Committee, the Finance & Performance Committee and the Education & Workforce Committee for noting.

Review

47. The Terms of Reference will be reviewed annually by the Audit Committee with recommendations made to Wirral Community Health & Care NHS Foundation Trust's Board for any amendments.



**Wirral Community
Health and Care**
NHS Foundation Trust

48. Thereafter, the Terms of Reference will be reviewed annually by the Board to ensure they are still appropriate.

Audit Committee Chair Approval			
Name:	Brian Simmons	Date:	September 2019
Signature:	<i>Brian Simmons</i>	Review Date:	