

**TERMS OF REFERENCE**

<b>Name of Committee &amp; Workplan Ref No.</b>	<b>AUDIT AND ASSURANCE COMMITTEE</b>
<b>Constitution</b>	The Board of Directors hereby resolves to establish a Committee of the Board to be known as the Audit and Assurance Committee.
<b>Membership</b>	<p>Three Non-Executive Directors one of whom shall be nominated as Chair and one as Deputy Chair and one of whom should have recent relevant financial experience.</p> <p>The Chair of the Committee shall be appointed by the Board of Directors.</p> <p>The Chair of the Trust shall not be a member of the Committee.</p>
<b>Attendance at Meetings</b>          AACWP53	<p>The Chief Financial Officer, Director of Corporate Affairs, Internal Auditors, External Auditors and Local Counter Fraud Specialist will attend a minimum of two committee meetings per year.</p> <p>The Chief Executive shall be invited to attend if required when the Committee considers and approve the Internal Audit and Counter Fraud Plan.</p> <p>All other directors shall be invited to attend, particularly when the Committee is discussing areas of risk or operation that are the responsibility of that director.</p> <p>There should be at least one meeting a year, or part thereof, where the external and internal auditors attend without management present.</p>
<b>Role</b>	The Audit and Assurance Committee’s principal purpose is to enhance confidence in the integrity of the Trust’s processes and procedures relating to governance, risk management and internal control, and corporate reporting.
<b>Duties</b>   AACWP 46 AACWP 50   AACWP 7   AACWP 36 AACWP 11 AACWP 12 AACWP 13   AACWP 49	<p><u>Governance, Risk Management and Internal Control</u></p> <p>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 (clinical and non-clinical), that support the achievement of the Trust’s objectives.</p> <p>The Committee will review management’s independent assurance provider’ reports on the effectiveness of systems for internal financial control, financial reporting and risk management.</p> <p>In particular, the Committee will review the adequacy of:</p> <ul style="list-style-type: none"> <li>• All risk and control disclosure statements (Annual Governance Statement, Annual Plan) together with any accompanying Head of Internal Audit Opinion/statement, External Audit opinion or other appropriate independent assurances as necessary, prior to endorsement by the Board of Directors.</li> <li>• The underlying assurance process that indicates the degree of the achievement of corporate objectives, the effectiveness of the management of principal risk and the appropriateness of the above disclosure statements.</li> </ul>

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AACWP 39 AACWP 40 AACWP 28	<ul style="list-style-type: none"> <li>The policies for ensuring compliance with relevant regulatory, legal and code of conduct requirements.</li> <li>The policies and procedures for all work related to fraud and corruption as set out in Secretary of State Directions and as required by the Counter Fraud Service.</li> <li>Assurance of the management of risk by the Trust.</li> </ul>
AACWP 3 AACWP 4 AACWP 6	<p>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 audit functions. 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.</p>
AACWP 9	<p>This will be evidenced through the Committee's use of an effective Assurance Framework to guide its work and that of any audit and assurance functions that report to it.</p> <p><u>Public Sector Internal Audit Standards</u></p>
AACWP 14 AACWP 7	<p>The Committee shall ensure that there is an effective internal audit function established by management that meets mandatory Public Sector Internal Audit Standards and provides appropriate independent assurance to the Committee, Chief Executive and Board of Directors.</p>
AACWP 7	
AACWP 8	<ul style="list-style-type: none"> <li>Consideration of the provision of the Internal Audit service, the cost of the audit and any questions of resignation and dismissal.</li> <li>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 Trust including those identified in the Board Assurance Framework.</li> </ul>
AACWP 7 AACWP 51 AACWP 38	<ul style="list-style-type: none"> <li>Consideration of the major findings of Internal Audit work (and management's response), and ensure coordination between the Internal and External Auditors to optimise audit resources.</li> <li>Ensuring that the Internal Audit function is adequately resourced and has appropriate standing within the organisation.</li> <li>Annual review of the effectiveness of Internal Audit.</li> </ul> <p><u>External Audit</u></p>
AACWP 17	<p>The Committee shall review the work and findings of the External Auditor appointed by the Governors and consider the implications and management's responses to their work.</p>
Contract renew	<ul style="list-style-type: none"> <li>Consideration of the appointment and performance of the External Auditor, assessment of their independence, the cost of the audit function and any questions of re-appointment, making recommendations to the Council of Governors, ensuring that key audit personnel are rotated at appropriate intervals.</li> </ul>
Contract renew	<ul style="list-style-type: none"> <li>To oversee the process for selecting the external auditor making appropriate recommendations to the Council of Governors.</li> </ul>

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<p>AACWP 15</p> <p>AACWP 16</p> <p>AACWP 18</p>	<ul style="list-style-type: none"> <li>• Pre-approval of any non-audit services provided by the External Auditor and ensuring that the provision of non-audit services does not compromise the External Auditor’s independence or objectivity.</li> <li>• 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 review the auditors quality control procedures.</li> <li>• Discussion with External Audit of their local evaluation of audit risks and assessment of the Trust and associated impact on the audit fee.</li> <li>• Review of External Audit reports, including agreements of the Annual Audit Letter before submission to the Board of Directors and any work carried outside the annual audit plan, together with the appropriateness of management responses.</li> </ul>
<p>AACWP 10</p>	<p><u>Other Assurance Functions</u></p> <p>The Committee shall ensure the findings of both internal and external reviews and recommendations are reviewed by the relevant Board Committee and consider the implications to the governance of the organisation.</p> <p>This will include, but will not be limited to, any reviews by Arms-Length Bodies or Regulators/Inspectors (e.g. CQC, NHSLA) professional bodies with responsibility for the performance of staff or functions (e.g. Royal Colleges, accreditation bodies, etc.).</p>
<p>AACWP 38</p>	<p>Review the Trust’s procedures with regard to the Speaking up Agenda, including the formal procedures for Staff who formally ‘Whistle Blow’, as reported to the People, Culture &amp; Improvement Committee.</p>
<p>AACWP 22</p> <p>AACWP 23</p> <p>AACWP 24</p>	<p>In addition to the above, the Committee will review the work of other Committees within the Trust whose work can provide relevant assurance to the Audit and Assurance Committee’s own scope of work. In particular, this will include the work of the Quality Committee, Finance Committee, People, OD and Culture Committee and Risk Committee.</p>
<p>AACWP 21</p>	<p>In reviewing the work of the Quality Committee and issues around clinical risk management, the Audit and Assurance Committee will wish to satisfy itself in the narrative of the assurance that can be gained from the clinical audit function.</p>
<p>AACWP 3</p> <p>AACWP 4</p> <p>AACWP 6</p>	<p>The Committee will maintain oversight to ensure the alignment of internal control processes with the Integrated Care System, Integrated Care Partnership and Primary Care Networks.</p>
<p>AACWP 3</p> <p>AACWP 4</p> <p>AACWP 6</p>	<p><u>Counter Fraud</u></p> <p>The Committee shall satisfy itself that the organisation has adequate arrangements in place for countering fraud and shall review the outcomes of counter fraud work.</p> <p>The Committee shall review and approve the annual Counter Fraud Plan, ensuring that it is proportionate to the level of risk identified.</p>

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<p>AACWP 20 AACWP 19 AACWP 35 AACWP 34 AACWP 29 AACWP 41 AACWP 42</p> <p>AACWP 30 AACWP 31 AACWP 32 AACWP 43</p>	<p><u>Management</u></p> <p>The Committee shall request and review reports and seek assurances from directors and managers on the overall arrangements for governance, risk management and internal control.</p> <p>The Committee may also request specific reports from individual functions within the organisation (e.g. clinical audit) as they may deem appropriate to the overall arrangements.</p> <p><u>Financial Reporting</u></p> <p>The Audit and Assurance Committee shall monitor the integrity of the financial statements of the Trust and any formal announcements relating to the Trust's financial performance.</p> <p>The Committee shall 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.</p> <p>The Committee shall review the annual report and financial statements before submission to the Board, focusing particularly on:</p> <ul style="list-style-type: none"> <li>• The Trust's Annual Governance Statement prior to endorsement by the Board of Directors.</li> <li>• Changes in, and compliance with, critical accounting policies, standards and practices.</li> <li>• Unadjusted misstatements in the financial statements.</li> <li>• Decisions requiring a major element of judgement.</li> <li>• Significant adjustments resulting from the audit.</li> <li>• The extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed.</li> <li>• The clarity of disclosures.</li> <li>• The going concern assumptions.</li> <li>• Letter of Representation.</li> <li>• Qualitative aspects of financial reporting.</li> </ul> <p>The Committee should also ensure that the systems for financial reporting to the Board of Directors are subject to review as to completeness and accuracy of the information provided to the Board of Directors.</p>
<p>AACWP 37 AACWP 26</p>	<p><u>Quality Reporting</u></p> <p>The Committee will ensure the Trust's Quality Reports/Accounts are accurate and properly reflect the quality of evidence based care and the safety and experience of patients across the Trust's services.</p> <p>Through the publication of annual Quality Accounts, the Committee will consider carefully their understanding of the quality of care offered by the Trust and its priorities for quality improvement.</p>

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<p>AACWP 27 AACWP 33 AACWP 45 AACWP 44</p> <p>AACWP 39</p> <p>AACWP 41</p>	<p><u>Other Matters</u></p> <p>The Committee will also carry out the following functions:</p> <ul style="list-style-type: none"> <li>• Reviewing Standing Orders, Standing Financial Instructions and the Scheme of Delegation and making recommendations to the Board of Directors.</li> <li>• Approving the circumstances associated with each occasion when Standing Orders are waived including Single Tender Actions.</li> <li>• Approving schedules of losses and compensations and making recommendations to the Board of Directors.</li> <li>• Considering other topics as defined by the Board of Directors.</li> <li>• Receive and Review the Conflicts of Interest Register at each meeting and report annually to the Board of Directors.</li> <li>• Receive and review the policy schedule twice a year.</li> </ul>
<b>Serviced By</b>	<p>Corporate Secretariat whose duties will include;</p> <ul style="list-style-type: none"> <li>• Agreement of meeting agendas with the Committee Chair.</li> <li>• Advising the Committee on pertinent areas and ensure it is fully informed of activities in its Sub-Committees.</li> <li>• Ensuring minutes and collation of papers are undertaken.</li> <li>• Ensure papers for the meeting are distributed one week prior to the meeting.</li> </ul>
<b>Frequency of Meetings</b>	<p>Meetings shall be held not less than six times a year and where appropriate should coincide with key dates in the Trust's financial reporting cycle.</p> <p>The External Auditor or Head of Internal Audit retain the right to request a meeting of the Committee with or without Executive Directors present if they consider that one is necessary. A meeting without the Executive Directors present will take place at least once a year.</p>
<b>Required Attendance</b>	<p>Members should attend the majority of meetings (5 of 7 meetings)</p>
<b>Quorum</b>	<p>Two Non-Executive Members (one of whom must be the Committee Chair or <del>the Deputy Vice</del> Chair), <u>and one Executive Director.</u></p>
<b>Reporting Procedures</b>	<p>The Committee Chair shall draw to the attention of the Board of Directors any issues that require disclosure to the full Board of Directors, or require executive action.</p> <p>The Committee's duties and activities during the year shall be disclosed in the Audit and Assurance Committee Annual Report.</p>
<b>Minutes Circulated To</b>	<p>The Corporate Secretariat shall circulate minutes of meetings of the Committee to all members within five days of the meeting.</p>
<b>Date Approved</b>	<p><del>19<sup>th</sup> March 2020.</del> <u>TBC</u></p>

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<b>Process For Monitoring The Effectiveness Of The Above</b>  AACWP 48	The Committee will undertake an annual review of its performance against its Terms of Reference and work plan in order to evaluate the achievement of its duties. This review will be presented to the Board in the form of the Committee's annual report.