



South Eastern Health
and Social Care Trust

SET/35b/19

Tracked changes to TOR for
review at meeting on 9/5/19

AUDIT COMMITTEE

TERMS OF REFERENCE

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1. CONSTITUTION

The Board hereby resolves to establish a Committee of the Board to be known as the Audit Committee (The Committee). 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.

2. MEMBERSHIP OF THE COMMITTEE

The Committee shall be appointed by the Board from amongst the Non-Executive Directors of the Trust and shall comprise at least three Non-Executive Directors. None of these members should be the Chair or members of the Remuneration Committee. **A quorum shall be two members.** One of the members will be appointed Chair of the Committee by the Board.

3. ATTENDANCE

The Director of Finance and appropriate Internal and External Audit representatives shall normally attend meetings. However, at least once a year, the Committee should meet privately with the External and Internal Auditors.

The Chief Executive and other executive directors should be invited to attend, but particularly when the Committee is discussing areas of risk or operation that are the responsibility of that director.

The Chief Executive should be invited to attend at least annually, to discuss with the Audit Committee the process for assurance that supports the Governance Statement.

The Trust Secretary, or whoever covers these duties, shall be Secretary to the Committee and shall attend to take minutes of the meeting and provide appropriate support to the Chairman and committee members.

4. FREQUENCY OF MEETINGS

Meetings shall be held not less than four times a year. The External Auditor or Head of Internal Audit may request a meeting if they consider that one is necessary.

5. AUTHORITY

The Committee is authorised by the Board to investigate any activity within its terms of reference. 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. The Committee is authorised by the Board 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.

6. DUTIES

The duties of the Committee can be categorised as follows:

Governance and Internal Control

The Committee will:

- ◆ Oversee the establishment and maintenance of an effective system of internal control.
- ◆ Review the adequacy of all control related disclosures statements (in particular the 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
- ◆ Review the adequacy of the policies for ensuring compliance with relevant regulatory, legal and code of conduct requirements, including the Trust's Standing Orders and Standing Financial Instructions
- ◆ Review the adequacy of the policies and procedures for all work related to fraud and corruption as required by the Counter Fraud Policy Unit.
- ◆ Receive regular reports of incidents of Theft, Fraud and Whistleblowing.

In carrying out its work, the Committee will primarily utilise the work of Internal Audit, External Audit and other assurance functions, but will not be limited to these functions.

Internal Audit

The Committee shall ensure that there is an effective internal audit function established by management that meets the Government Internal Audit Standards and provides appropriate independent assurance to the Audit Committee, Chief Executive and Board. This will be achieved by:

- ◆ consideration of the provision of the Internal Audit service, the cost of the audit and any questions of resignation 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 as identified in the Assurance Framework
- ◆ consideration of the Chief Internal Auditor's annual report, major findings of internal audit work (and management's response), and ensure co-ordination between the Internal and External Auditors to optimise audit resources
- ◆ ensuring that the Internal Audit function is adequately resourced and has appropriate standing within the organisation

- ◆ annual review of the effectiveness of internal audit

External Audit

The Committee shall review the work and findings of the External Auditor appointed by the NI Audit Office and consider the implications of, and management's responses to, their work. This will be achieved by:

- ◆ consideration of the performance of the External Auditor
- ◆ 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
- ◆ discussion with the External Auditors of their local evaluation of audit risks and assessment of the Trust
- ◆ review of all External Audit reports, including consideration of the annual Management Letter before submission to the Board and any work carried out outside the annual audit plan, together with the appropriateness of management responses.

Other Assurance Functions

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.

These will include, but will not be limited to, any reviews by Department of Health (DoH) commissioned bodies, the Regulation and Quality Improvement Authority (RQIA) or professional bodies with responsibility for the performance of staff or functions (e.g. Royal Colleges, accreditation bodies, etc.).

In addition the Committee will work closely with the Governance Assurance Committee whose scope of work will provide complementary assurances to the Audit Committee's own scope of work.

Financial Reporting

The Audit Committee shall review the financial extract of the Trust's Annual Report and the Financial Statements before submission to the Board, focussing particularly on:

- ◆ the wording in the Governance Statement and other disclosures relevant to the Terms of Reference of the Committee
- ◆ changes in, and compliance with, accounting policies and practices
- ◆ unadjusted mis-statements in the financial statements
- ◆ major judgemental areas

- ◆ significant adjustments resulting from the audit

The Committee should also 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.

Value For Money

The Audit Committee shall oversee the adequacy of the Trust's arrangements for ensuring that value for money is obtained in the expenditure of all public funds entrusted to its care. This will include a review of the findings from, and management's response to, all value for money audit reports issued to the Trust as part of the regional VFM programme sponsored by DHSS&PS.

7. REPORTING

The minutes of Audit Committee meetings shall be formally recorded by the Trust Secretary and submitted to the Board. The Chair of the Committee shall draw to the attention of the Board any issues that require disclosure to the full Board, or require executive action.

The Committee will report to the Board annually on its work in support of the - Governance Statement, specifically commenting on the fitness for purpose of the Assurance Framework, the completeness and embeddedness of risk management in the organisation, the integration of governance arrangements and the appropriateness of the self-assessment against the Quality Standards and Controls Assurance Standards.

8. OTHER MATTERS

The Committee shall be supported administratively by the Trust Secretary, whose duties in this respect will include:

- ◆ Agreement of agenda with the Chairman and attendees
- ◆ Collation and distribution of papers sufficiently in advance of each meeting to facilitate their full consideration and discussion at the meeting
- ◆ Taking the minutes and keeping a record of matters arising and issues to be carried forward
- ◆ Advising the Committee on pertinent areas.

List of members of the Audit Committee – April 201~~9~~⁸

Members:

- Mr Noel Brady, Non-Executive Director (Chairman – wef 9/6/16)
- Dr Maura Briscoe, Non-Executive Director
- Mrs Joan O’Hagan, Non-Executive Director
- Mrs Helen Minford, Non-Executive Director

In attendance:

- Mr Neil Guckian, Director of Finance & Estates
- ~~Mrs Andrea Henderson~~ ~~Mr Brian Grimley, Acting~~ Assistant Director, Financial ~~Services~~ Services & Financial Accounting (wef ~~August 2017~~ January 2019)
- Miss Irene Low, Assistant Director, Risk Management & Governance
- Mr Denver Lynn, Director, Northern Ireland Audit Office (wef Feb 2018)
- Mr Stephen Knox, Audit Manager, Northern Ireland Audit Office (with effect from October 2017)
- Ms Bronagh Burke, Grant Thornton (wef April 2018 to 21 January 2019)
- Ms Louise Kelly, Grant Thornton (wef April 2018 to 21 January 2019)
- Mr Jason McCallion, PriceWaterhouseCoopers (wef 22 January 2019)
- Mrs Catherine McKeown, Head of Internal Audit, Business Services Organisation (or nominee)