



**Review of the Audit Committee's Terms of Reference,  
Programme of Work and overall effectiveness  
as at 31 March 2017**

**1.0 Introduction**

- 1.1 The Trust Board established an Audit Committee which became operational on 25 May 2007. As part of its annual Programme of Work the Committee is required to review its Terms of Reference and Programme of Work together with the overall effectiveness of the Committee. This is in line with the formal report format approved by the Governance Assurance Committee at its meeting in March 2012.
- 1.2 The last formal review was undertaken by the Audit Committee at its meeting on 5 May 2016.
- 1.3 This paper will be presented to the Committee at its meeting on 4 May 2017 for consideration and approval.

**2.0 Membership of Committee**

- 2.1 During 2016/17 membership of the Committee comprised the following Non-Executive Directors:-
- Mr J Trethowan, Chairman (up to 8/6/16)
  - Mr N Brady (wef 5 May 2016) [Chairman wef 9/6/16]
  - Miss F Graham (up to 5 May 2016)
  - Mr N Mansley (up to 5 May 2016)
  - Dr M Briscoe (wef 8 June 2016)
  - Mrs H Minford (wef 9 February 2017)
  - Mrs Joan O'Hagan (wef 9 February 2017)

The following persons are in attendance at each meeting:-

- Director of Finance & Estates;
  - Assistant Director, Financial Services
  - Assistant Director, Risk Management & Governance/Board Secretary
  - Northern Ireland Audit Office representatives
  - External Auditors – Grant Thornton
  - Internal Audit representatives
- 2.2 The Assistant Director, Risk Management & Governance is the nominated secretary to the Committee.

### 3.0 Frequency of Meetings

In accordance with its Terms of Reference, meetings are held not less than four times a year. The dates are set aligned with the Trust timetable for submission of the annual accounts. Appendix 1 details the current members of the Committee and their attendance at the meetings during the year.

3.1 During 2016/17, four meetings were held as per the agreed schedule in May, June, October, and February. The December meeting was cancelled as there were no substantial papers to review and the business of this meeting was covered in the February meeting.

### 4.0 Terms of Reference of Committee

#### 4.1 Programme of Work

The Terms of Reference for the Committee was agreed and approved by the Trust Board in March 2007. In order to discharge its remit, the Committee also developed a Programme of Work which is revised on an annual basis. A copy of the Programme of Work for 2016/17 is attached at Appendix 2, for information purposes.

The Programme of Work is reviewed and updated on an annual basis (last review - 5 May 2016). The next review is scheduled for discussion at the Committee's next meeting to be held on 4 May 2017.

#### 4.2 Roles and Responsibilities of Committee

The roles and responsibilities of the Committee are as outlined in the Committee's Term of Reference and are split into six areas. These are listed below. The table below illustrates now and when these were last discharged:-

- Governance and Internal Control;
- Internal Audit;
- External Audit;
- Other Assurance Functions;
- Financial Reporting; and
- Value for Money

Function	How is this discharged by Audit Committee	When last performed
<b>Governance and Internal Control</b> Oversee the establishment and maintenance of an effective system of internal control.	<ul style="list-style-type: none"><li>• Rolling Internal Audit Plan and Reports.</li><li>• Management Reports to Trust Board.</li><li>• Workshops for Audit Committee and Trust Board.</li><li>• External Audit Reports.</li></ul>	All Meetings

<b>Function</b>	<b>How is this discharged by Audit Committee</b>	<b>When last performed</b>
<p><b>Governance and Internal Control</b></p>		
<p>Review the adequacy of the policies and procedures for all work related to fraud and corruption as required by the Counter Fraud Policy Unit.</p>	<ul style="list-style-type: none"> <li>• Fraud update presented to all Audit Committee meetings.</li> <li>• Fraud policies updated in March 2014</li> </ul>	<p>3 year cycle or as and when required Review date – Sept 2017</p>
<p>Receive regular reports of incidents of Theft, Fraud and Whistleblowing.</p>	<ul style="list-style-type: none"> <li>• Reports of incidents of Theft, Fraud and Whistleblowing</li> </ul>	<p>All meetings</p>
<p><b>Internal Audit</b></p>		
<p>Consideration of the provision of the Internal Audit service, the cost of the audit and any questions of resignation and dismissal.</p>	<ul style="list-style-type: none"> <li>• Regional Service – cost is merely uplifted from previous year. Given consortia arrangement, dismissal would not be relevant for South Eastern Trust.</li> </ul>	<p>N/A</p>
<p>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.</p>	<ul style="list-style-type: none"> <li>• Annual formal review, with minor revisions agreed at each Audit Committee meeting. Plan revised on a 3 year cycle</li> </ul>	<p>5 May 2016</p>
<p>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.</p>	<ul style="list-style-type: none"> <li>• This is addressed both at year-end and mid-year via Head of Internal Audit opinion and Governance Statement.</li> <li>• May or June meetings designed (with Chief Executive presence) to address this.</li> </ul>	<p>Circa April/May and October</p>

<b>Function</b>	<b>How is this discharged by Audit Committee</b>	<b>When last performed</b>
<p><b>Internal Audit</b></p> <p>Ensuring that the Internal Audit function is adequately resourced and has appropriate standing within the organisation.</p> <p><b>External Audit</b></p> <p>Consideration of the performance of the External Auditor.</p> <p>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.</p>	<ul style="list-style-type: none"> <li>• Considered as part of the Annual and Strategic Audit Plan.</li> <li>• South Eastern Trust do not appoint External Auditors.</li> <li>• Audit Committee meet nominated auditor annually.</li> <li>• Audit Strategy presented to Audit Committee.</li> <li>• Audit Planning meeting with Trust Management.</li> </ul>	<p>5 May 2016 Last bi-lateral meeting with Chairman (Audit Committee) with Internal Audit – 19 April 2017</p> <p>Last bi-lateral meeting with Chairman (Audit Committee) with External Audit 9 February 2017</p> <p>9 February 2017</p>
<p>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.</p>	<ul style="list-style-type: none"> <li>• All relevant correspondence from External Audit is considered by Audit Committee.</li> <li>• Draft and Final Report To Those Charged With Governance (RTTCWG) are presented/approved at Audit Committee.</li> <li>• Audit Committee also monitor implementation of external audit recommendations.</li> </ul>	<p>Each meeting</p> <p>8 June 2016 6 October 2016</p>

<b>Other Assurance Functions</b>		
<p>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 not be limited to, any reviews by DHSSPS commissioned bodies, RQIA or professional bodies with responsibility for the performance of staff or functions (eg, Royal Colleges, accreditation bodies etc).</p>	<p>Governance reports/RQIA covered by Governance Assurance Committee and S&amp;Q committee</p>	<p>N/A</p>
<p>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.</p>	<ul style="list-style-type: none"> <li>• Regular review of Integrated Governance Strategy.</li> </ul>	<p>15 December 2016 (via Governance Assurance Committee)</p>
<b>Function</b>	<b>How is this discharged by Audit Committee</b>	<b>When last performed</b>
<p><b>Financial Reporting</b></p> <p>Review the financial extract of the Trust's Annual Report and the Financial Statements before submission to the Board, focusing particularly on:-</p> <ul style="list-style-type: none"> <li>➤ The wording in the Governance Statement and other disclosures relevant to the ToR of the Committee.</li> <li>➤ Changes in, and compliance with, accounting policies and practices.</li> <li>➤ Unadjusted mis-statements in the financial statements.</li> <li>➤ Major judgemental areas.</li> <li>➤ Significant adjustments resulting from the audit.</li> </ul>	<p>Considered, in some detail, as follows:-</p> <ul style="list-style-type: none"> <li>• April/May meeting to confirm Governance Statement (GS) and to recommend for Chief Executive to sign.</li> <li>• June meeting to consider accounts in detail, with a view to recommending Trust Board approval.</li> </ul>	<p>Annually - 5 May 2016</p> <p>- 8 June 2016</p> <p>Finance Committee meetings – 2016/17</p>

<p>Review systems for financial reporting to the Board, including those of budgetary control, for completeness and accuracy of the information provided to the Board.</p>	<ul style="list-style-type: none"> <li>• Finance Committee regularly review financial reporting (and focus on financial projections).</li> </ul>	
<p><b>Value for Money</b></p> <p>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 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 DHSSPS.</p>	<ul style="list-style-type: none"> <li>• NIAO reports are considered at each Audit Committee meeting.</li> <li>• Regional programme awaiting tendering exercise currently.</li> </ul>	<p>All meetings (where available)</p>

## 5.0 Operational Arrangements for Meetings

### 5.1 Administrative Support to the Committee

<p>Supported by Assistant Director, Risk Management &amp; Governance. Duties include:</p> <ul style="list-style-type: none"> <li>• Preparation and issue of agenda on behalf of the Chairman;</li> <li>• Collation and distribution of papers sufficiently in advance of each meeting to facilitate their full consideration and discussion at the meeting;</li> <li>• Ensuring appropriate arrangements are in place for servicing of the committee including the taking of minutes and keeping a record of matters arising and issues to be carried forward; and</li> <li>• Advising the Committee on pertinent issues.</li> </ul>	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>
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## **5.2 Agenda items and papers for meetings**

To be issued one week in advance of the meeting – Yes when all papers are received on time. However, if delayed this is due to awaiting submission of a final paper to ensure papers are completed on issue.

## **5.3 Review of Terms of Reference**

Reviewed on an annual basis – Yes: last reviewed on - 5 May 2016

## **6.0 Reporting Arrangements**

Minutes of each meeting are submitted to next scheduled meeting of the Trust Board after the Audit Committee meeting.

**Table 1 - Attendance at Audit Committee Meetings  
1 April 2016 to 31 March 2017**

Name	Designation	5/5/16	8/6/16 <sup>1</sup>	6/10/16	1/12/16 Meeting cancelled	9/2/17	Total	Attendance %
<b>Members</b>								
John Trethowan	Non-Executive Director (Chairman* up to 8/6/16)	Y	Y	Y	N/R	N/A	3/3	100%
Noel Brady	Non-Executive Director (Chairman wef 9/6/16)	Y	Y	Y	N/R	Y	4/4	100%
Francesca Graham	Non-Executive Director	Y	Y	N/A	N/A	N/A	2/2	100%
Nigel Mansley	Non-Executive Director	Apology	Y	N/A	N/A	N/A	1/2	50%
Dr Maura Briscoe	Non-Executive Director (wef 8/6/16)	N/A	Y	Y	N/R	Y	3/3	100%
Helen Minford	Non-Executive Director (wef 9/2/17)	N/A	N/A	N/A	N/R	Y	1/1	100%
Joan O'Hagan	Non-Executive Director (wef 9/2/17)	N/A	N/A	N/A	N/R	Y	1/1	100%
<b>In attendance</b>								
Neil Guckian	Director of Finance & Estates	Y	Y	Y	N/R	Y	4/4	100%
Mark Schubert	Acting Assistant Director, Financial Services	B Grimley	J Allen	M Schubert	N/R	M Schubert	4/4	100%
Irene Low	Assistant Director, Risk Management & Governance/ Board Secretary	Y	Y	Y	N/R	Y	4/4	100%
IA – Catherine McKeown	Head of Internal Audit	J McCaw G Jest	Y	Y	N/R	Y P Jameson	4/4	100%
NIAO – Ms P Blair <sup>2</sup> /Mr R Ross	Northern Ireland Audit Office	Apology	Y/Y	Y	N/R	Y	3/4	75%
Grant Thornton – Ms M Maginnis /Mrs L Kelly	Grant Thornton	Y	Y/Y	Y	N/R	Y	4/4	100%
Observer – Ms H Hagan	Head of HSC Sponsorship Branch	N/A	N/A	Y	N/A	N/A	N/A	

<sup>1</sup> Hugh McCaughey, Chief Executive attends once per year

<sup>2</sup> P Blair left employment of NIAO – February 2017



**AUDIT COMMITTEE CORE WORK PROGRAMME**

MONTH	AUDIT COMMITTEE MEETING	AUDIT COMMITTEE WORK
January		
February	Approve External Audit Plan Consider Internal Audit Progress Report Initial consideration of Internal Audit Plan for new year Consider the Declaration of Interests Register	Assurance Framework and Corporate Risk Register – <i>for information, to assist in ensuring Internal Audit Plan is aligned with Assurance Framework and is sufficiently risk-based</i>  Internal Audit Meetings with the Chairman of Audit Committee, Director of Finance & Estates, Director of HR & CA and relevant Assistant Directors and other relevant parties regarding the draft Internal Audit Plan  Bilateral meeting between the Audit Committee Chairman and Chairman of the Trust Board  Audit Committee Training Needs analysis and assessment of skills mix.
March		Bilateral meeting between the Audit Committee Chairman and Internal Audit  Bilateral meeting between the <b>Chairman of the Board</b> and Director of NIAO
April		Preparation of Audit Committee Annual Report
May/June	Review and consider the draft annual report and accounts and the draft External Audit management letter (if available) Consider final progress report from Internal Audit; Consider Internal Audit Annual Report and Opinion for the financial year just finished; Approve the Internal Audit annual audit plan. Agree the Audit Committee’s annual report to the Board and Accounting	

	<p>Officer.  Opportunity at end of meeting to speak to Auditors in absence of Trust staff.  Consider the Committee's own effectiveness in its work  Review of Audit Committee Terms of Effectiveness</p>	
<b>June</b>	<p>Special one agenda item meeting to approve the accounts (including Charitable Funds)  Advise the Accounting Officer on signing the accounts and the signing of and content of the Governance Statement;</p>	<p><b>CE in attendance</b>  Prepare schedule of dates for meetings in the incoming year</p>
<b>July</b>		-
<b>August</b>		
<b>October</b>	<p>Consider mid year report and progress report from Internal Audit;  Consider Mid-year Assurance Statement;  Consider the Final External Audit management letter for the previous year and any emerging findings from any current interim / in-year work of External Audit.  Consider any residual actions arising from the previous year's work of both internal and external audit.  Consider the NIAO Self-Assessment Checklist in respect of the Audit Committee</p>	<p>Bilateral meetings between the Audit Committee Chair and External Audit</p>
<b>October</b>		
<b>November</b>		
<b>December</b>	<p>Consider progress report from Internal Audit;  Receive Annual Report of the Procurement Board</p>	

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