

**Western Health and Social Care Trust**

**Audit Committee  
Terms of Reference**

**February 2018**

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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 consist of not less than three members. A quorum shall be two members. One of the members will be appointed Chair of the Committee by the Board. The Chairman of the organisation shall not be a member of the Committee.

## **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 particularly when the Committee is discussing areas of risk or operation that are the responsibility of the Director.

The Chief Executive should be invited to attend at least twice annually, to discuss with the Audit Committee the process for assurance that supports the Mid-Year Assurance Statement and at year end to discuss the Governance Statement.

## **4. FREQUENCY OF MEETINGS**

The Committee shall meet four times a year. The Trust Chairman, a Non-Executive Director, the External Auditor or Head of Internal Audit may request an additional 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 shall be as follows:-

### Governance and Internal Control

In particular the Committee will:

- i. oversee the maintenance of an effective system of internal financial control and management reporting.
- ii. review the adequacy of all risk and control related disclosure statements (in particular review the Mid-Year Assurance Statement and the Governance Statement), together with any accompanying statement from the Head of Internal Audit, external audit opinion or other appropriate independent assurances, prior to endorsement by the Board.
- iii. review the adequacy of the policies for ensuring compliance with relevant regularity, legal and code of conduct requirements, including the Trust's Standing Orders and Standing Financial Instructions.
- iv. review the adequacy of the policies and procedures for all work related to fraud and corruption as required by the Counter Fraud & Probity Service at the Business Services Organisation.
- v. review the annual schedule of losses and compensation payments and make recommendations to the Board regarding their approval.
- vi. review the register of Direct Award Contracts.
- vii. *approve and monitor Trust fraud self-assessment action plan*
- viii. *receive regular updates in relation to current fraud cases under investigation*

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 Public Sector Internal Audit Standards and provides appropriate independent assurance to the Audit Committee, Chief Executive and Board. This will be achieved by:

- i. consideration of the provision of the Internal Audit service, the cost of the audit and any questions of resignation and dismissal.
- ii. 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.
- iii. review of all Internal Audit reports. All Internal Audit reports, including those relating to non-financial areas, will be presented to the Audit Committee.
- iv. consideration of the Head of Internal Audit's mid-year assurance and annual report, significant findings of internal audit work (and management's response), and ensure co-ordination between the Internal and External Auditors to optimise audit resources.
- v. ensuring that the Internal Audit function is adequately resourced and has appropriate standing within the organisation.
- vi. annual review of the effectiveness of internal audit.

## **External Audit**

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

- i. consideration of the performance of the External Auditor.
- ii. 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.
- iii. discussion with the External Auditors of their local evaluation of audit risks and assessment of the Trust.
- iv. review of all External Audit reports, including consideration of the annual Report To Those Charged With Governance before submission to the Board and any work carried out outside the annual audit plan, together with the appropriateness of management responses.

## **HSC Business Services Organisation Shared Services**

*HSC Business Services Organisation provide core financial services for the Trust in relation to Payroll, Accounts Payable and Accounts Receivable. The Audit Committee.*

- i. shall obtain assurance annually, of the governance arrangements in operation across the HSC Business services organisation*
- ii. give consideration to the performance of the HSC Business Services organisation where it presents a risk to Trust financial governance arrangements*

### **HSC Counter Fraud & Probity Services**

*The Audit Committee shall review the work and findings of Counter Fraud and Probity Services including Counter fraud and probity annual report.*

### **Financial Reporting**

The Audit Committee shall review the annual financial statements and Trust's Annual Report before submission to the Board, focusing particularly on:

- i. the wording in the Governance Statement and other disclosures relevant to the Terms of Reference of the Committee.
- ii. changes in, and compliance with, accounting policies and practices.
- iii. unadjusted mis-statements in the financial statements.
- iv. significant judgemental areas.
- v. 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 the Department of Health.

### **Endowments and Gifts**

Endowments and Gifts (E&G) funds are administered by the Trust Board members as Trustees under the Health and Personal Social Services (NI) Order 1972, as amended by Article 16 of the Health and Personal Social Services (NI) Order 1991.

The Audit Committee will receive an annual report from the Director of Finance to provide an assurance that the responsibilities of the Trust Board as Trustees have been fulfilled.

## **7. REPORTING**

*The Committee shall report to the Trust Board on how it discharges its responsibilities.*

*The Committee will report to the Trust Board at least annually on its work in support of the annual Governance Statement including:*

- i. an overview of the function of the Audit Committee for the period*
- ii. an overview of the work delivered by the Audit Committee for the period*
- iii. the Committee's view of its own effectiveness, including advice in ways which it considers it needs to be strengthened or developed*
- iv. the Trust Annual Financial Reports and External Audit assurances*
- v. review of the annual Internal Audit work-plan, reports and opinion as to the adequacy of the Trusts systems of internal control.*
- vi. the Committee's view as to its satisfaction of the robustness of the Trusts processes in place for ensuring the comprehensiveness and reliability of assurances being provided to meeting the Accounting Officers and Boards accountability obligations.*
- vii. any issues the Audit Committee considers pertinent to the Governance statement and any long term issues the Committee thinks the Accounting Officer and / or Board should give attention to*
- viii. the quality of both Internal and External Audit and their approach to their responsibilities*

The minutes of Audit Committee meetings shall be formally recorded 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.

## **8. OTHER MATTERS**

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

- i. agreement of agenda with the Chairman.
- ii. arranging for attendance of appropriate officers at Audit Committee meetings.
- iii. assisting the Audit Committee Chairman in ensuring the effective operation of the Committee.
- iv. collation and distribution of papers sufficiently in advance of each meeting to facilitate their full consideration and discussion at the meeting.
- v. taking the minutes and keeping a record of matters arising and issues to be carried forward.
- vi. advising the Committee on pertinent areas.
- vii. *annual review of Terms of Reference and recommendations of updates*
- viii. *development and maintenance of the Audit Committee timetable for the financial year*