



Quality Care - for you, with you

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 following recommendation from the Trust Chair and shall consist of not less than three members. 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. The Chair of the organisation shall not be a member of the Committee. The current Committee composition is attached as Appendix 1.

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 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 the Governance Statement.

Executive Members of the Trust, though not members of the Audit Committee, will be invited to attend to provide information to the Committee where Internal Audit reports with less than satisfactory assurance have been provided or when the Audit Committee deem necessary.

A representative from the Sponsor team (Department of Health) will be invited to attend at least one meeting of the Committee per year as an observer.

The Board Assurance Manager, supported by the Committee Secretary, shall be secretary to the Committee and shall attend to take minutes of the meeting and provide appropriate support to the Chair and committee members.

4. FREQUENCY OF MEETINGS

Meetings shall be held not less than four times a year. The Chair of the Committee may convene additional meetings as is deemed necessary. 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 third parties with relevant experience and expertise if it considers this necessary.

6. DUTIES

The duties of the Committee can be categorised as follows:

Governance, Risk Management and Internal Control

In particular the Committee will:

- i. oversee the maintenance of an effective system of integrated governance, risk management and internal control
- ii. review the adequacy of all risk and control related disclosure statements in particular the Mid-Year Assurance Statement and 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
- iii. review the adequacy of the policies for ensuring compliance with relevant regularity, legal and code of conduct requirements, including revised versions of the Trust's Standing Orders and Standing Financial Instructions
- iv. review and approval of the policies and procedures for all work related to bribery, fraud and corruption as required by the Counter Fraud and Probitity Service at the Business Services Organisation for onward submission to the Trust's Policy Scrutiny Committee for ratification
- v. review the annual schedule of losses and compensation payments and make recommendations to the Board regarding their approval
- vi. review a summary of Post Project Evaluations on capital and revenue proposals greater than £300k.
- vii. review the Trust Procurement Board Annual report including all approved Direct Award Contracts
- viii. receive regular updates in relation to fraud cases under investigation
- ix. review the Committee's terms of reference on an annual basis and submit to the Board for approval. Any subsequent changes to the Committee's terms of reference will be reported to the sponsor team (Department of Health).

In addition, the Committee will:-

- ◆ Complete the National Audit Office checklist on an annual basis and develop an action plan

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. It will also seek reports and assurances from other Trust Committees, Directors and Managers as appropriate, concentrating on the overarching systems of integrated governance, risk management and internal control, together with indicators of their effectiveness.

The Audit Committee will work closely with the Governance Committee whose work will provide comprehensive assurance to the Audit Committee's own scope of work.

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 (PSIAS) 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
- ◆ consideration of the Head of Internal Audit's mid year assurance and 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 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

The Audit Committee:

- ◆ shall obtain assurance annually of the governance arrangements in operation across the HSC Business Services Organisation
- ◆ Give consideration to the performance of the HSC Business Services Organisation

Financial Reporting

The Audit Committee shall review the Trust's Annual Report and the Financial Statements before submission to the Board. This includes Public Funds, Residents and Patients' Monies and Charitable Trusts Funds, focusing 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 from the Comptroller and Auditor General (C&AG).

COMMUNICATION AND REPORTING

The Chair of the Audit Committee will meet with the Trust Chair and the Accounting Officer following each Committee meeting and provide them with a written

summary report on the meeting. The Audit Committee Chair will present this report to the next Trust Board meeting and provide copies to Internal and External Auditors.

The minutes of Audit Committee meetings shall be formally recorded by the Committee Secretary and submitted to the Board following approval of the Audit Committee.

The agenda and minutes of Audit Committee meetings shall be forwarded as soon as possible to the sponsor team (Department of Health).

The Committee will report to the Board annually on its work in discharging its responsibilities in support of the annual Governance Statement

OTHER MATTERS

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

- ◆ Agreement of agenda with the Chair
- ◆ 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 providing draft minutes for the Chair's approval
- ◆ Keeping a record of matters arising and ensuring action points are taken forward between meetings
- ◆ Arranging the attendance of appropriate officers at Audit Committee meetings
- ◆ Assisting the Audit Committee Chair in ensuring the effective operation of the Committee
- ◆ Advising the Committee on pertinent areas
- ◆ Annual review of Terms of Reference and recommendation of updates
- ◆ Development and maintenance of the Audit Committee timetable for the financial year
- ◆ Ensuring that new members receive appropriate induction training and that all members are supported in identifying and participating in ongoing training

APPENDIX 1

AUDIT COMMITTEE

MEMBERSHIP 1.1.2019 – 31.12.2019

Members

Mrs H McCartan (Chair)
Mrs S Rooney- Non Executive Director
Ms E Mullan – Non Executive Director
Mr M McDonald – Non Executive Director
Mr J Wilkinson – Non Executive Director

In attendance:

Ms H O'Neill – Director of Finance, Procurement and Estates, SHSCT
Mrs A Rutherford – Assistant Director of Finance, Financial Services, SHSCT
Mrs C Cassells - Assistant Director of Finance, Financial Management, SHSCT
Mrs F Jones/Mrs C Doyle - Corporate Financial Accountant, SHSCT
Mrs S Judt – Board Assurance Manager, SHSCT
Mrs C McKeown - Head of Internal Audit, BSO
Mr D Lynn – Director, Northern Ireland Audit Office
Ms L Kelly - Audit Partner, Grant Thornton, External Audit