



## **AUDIT AND RISK ASSURANCE COMMITTEE**

### **DRAFT TERMS OF REFERENCE**

DRAFT

<b>VERSION</b>	0.2
<b>ASSURANCE</b>	<b>SECOND LINE ASSURANCE</b>
<b>CONSTITUTION</b>	<p>The Trust Board (The Board) hereby resolves to establish a Committee of the Board to be known as the Audit and Risk Assurance Committee (The Committee).</p> <p>The Committee is a non-executive led committee of the Board and has no executive powers, other than those specifically delegated in these Terms of Reference.</p>
<b>PURPOSE</b>	<p>The Audit and Risk Assurance Committee has been established to provide assurance to the Board that there are adequate and appropriate governance, assurance and risk management processes and controls throughout the Trust.</p> <p>In carrying out this function, the Committee will:</p> <ul style="list-style-type: none"> <li>• primarily use the work of internal audit and other assurance functions, but will not be limited to these functions. It may request and review reports and assurances from directors and managers on the overall arrangements for governance and risk management.</li> <li>• monitor the integrity of the financial statements, assist the Board in its oversight of risk management and the effectiveness of internal control and matters relating to the external and internal audit functions;</li> <li>• provide the Board with a means of independent and objective review of financial governance, assurance processes and risk management across the whole of the Trust’s activities (clinical and non-clinical ) both generally and in support of the annual Governance Statement</li> <li>• Seek reports and assurances from other Trust Committees, Directors and Managers as appropriate, concentrating on the overarching systems of governance, risk management and internal control, together with indicators of their effectiveness.</li> </ul>
<b>MEMBERSHIP</b>	<p><b>Membership:</b></p> <ul style="list-style-type: none"> <li>• Chair of Audit and Risk Assurance Committee (Non-Executive Director)</li> <li>• 2 Non-Executive Directors, following recommendation from the Trust Chair</li> </ul> <p>The Committee shall have sufficient skills amongst its Members to be able to discharge its responsibilities. Members of the Committee shall not be members of the Remuneration Committee.</p>

	<p><b>Attendance for the full meeting:</b></p> <ul style="list-style-type: none"> <li>• Chief Executive</li> <li>• Executive Director of Finance, Procurement and Estates</li> <li>• Assistant Director of Financial Services</li> <li>• Assistant Director of Financial Management</li> <li>• Corporate Financial Accountant / Fraud Liaison Officer</li> <li>• Head of Internal Audit, BSO</li> <li>• Assistant Head of Internal Audit, BSO</li> <li>• Director, Northern Ireland Audit Office</li> </ul> <p><b>Attendance for specific agenda items:</b> Requirement that a Director / Assistant Director will be requested to attend when a report pertinent to their area of responsibility is being discussed.</p> <p><b>Secretary:</b> Sandra Judt, Board Assurance Manager, supported by Committee Secretary</p> <p>Executive members of the Trust, though not members of the 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 Committee deem necessary.</p> <p>Other members of Trust staff may be required to attend meetings as the Committee considers necessary.</p> <p>In the absence of the Chair, a Non-Executive Director shall Chair the Committee.</p> <p>At least once a year the Committee should meet privately with the External and Internal Auditors.</p> <p>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.</p> <p>The Board Assurance Manager, supported by the Committee Secretary, shall be secretary to the Committee and shall attend the meetings and provide appropriate support to the Chair and Committee members.</p>
<p><b>DUTIES</b></p>	<p>The remit of the Committee is to:-</p> <p><b>Governance, Risk Management and Internal Control</b></p> <ul style="list-style-type: none"> <li>• Oversee the maintenance of an effective system of integrated governance, risk management and internal control</li> <li>• 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</li> <li>• Review the adequacy of the policies for ensuring compliance with relevant regularity, legal and code of conduct requirements, including</li> </ul>

revised versions of the Trust's Standing Orders and Standing Financial Instructions

- Review and approval of the policies and procedures for all work related to bribery, fraud and corruption as required by the Counter Fraud and Probity Service at the Business Services Organisation for onward submission to the Trust's Policy Scrutiny Committee for ratification
- Review the annual schedule of losses and compensation payments and make recommendations to the Board regarding their approval
- Review a summary of Post Project Evaluations on capital and revenue proposals greater than £300k
- Review the Trust Procurement Board Annual report including all approved Direct Award Contracts
- Receive regular updates in relation to fraud cases under investigation
- 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)
- Oversee the adequacy and effectiveness of the risk management framework in the Trust, through receiving regular updates in relation to the Corporate Risk Register

In addition, the Committee will:-

- Complete the National Audit Office Effectiveness Tool on an annual basis and develop an action plan if necessary

The Committee will work closely with the Governance Committee whose work will provide comprehensive assurance to the Audit and Risk Assurance Committee. Each Committee will remain within its own scope of work.

#### **Internal Audit**

- Ensure 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 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

- Assure itself that Trust management has implemented the agreed recommendations of Internal Audit reports in a timely and effective way by reviewing at each meeting the on-going progress of the Internal Audit Forum

### **External Audit**

- 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:*
- 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 External Audit Strategy
- 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**

- 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**

- Monitor the integrity of the Trust's Financial Statements
- Review the Trust's Annual Report, Governance Statement and the Financial Statements before submission to the Board in order to determine their completeness, integrity and accuracy. This includes Public Funds, Residents and Patients' Monies and Charitable Trusts Funds. This review will cover but is not limited to:
  - i. the adequacy and completeness of the Governance Statement and other disclosures relevant to the Terms of Reference of the Committee
  - ii. the Schedule of Losses and Special Payments
  - iii. the Letter of Representation to the Comptroller and Auditor General
  - iv. the meaning and significance of the figures, notes and significant changes
  - v. changes in, and compliance with, accounting policies and practices
  - vi. explanation of estimates or provisions having material effect
  - vii. areas where judgement has been exercised
  - viii. significant adjustments resulting from the audit
  - ix. any reservations and disagreements between the external auditors and management which have not been satisfactorily resolved

	<ul style="list-style-type: none"> <li>• Recommend to the Board that the Annual Report, Governance Statement and Financial Statements are approved</li> <li>• Review all accounting and reporting systems for reporting to the Board including in respect of budgetary control</li> </ul>
<b>AUTHORITY</b>	<p>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, through the relevant Director, and will be given the resources necessary to carry out its role.</p> <p>The Committee will be given full access to any information within the Southern Health and Social Care Trust that it requires to fulfil its function.</p> <p>The Committee is authorised by the Board to obtain independent external professional advice with approval from the Accounting Officer. It is authorised to request the attendance at the Committee of individuals or authorities independent of the Trust with relevant experience and expertise if it considers this necessary or expedient to the carrying out of its functions. The Committee will advise the Board of any investigation being undertaken that instructs professional advisers and update the Board on progress.</p>
<b>MEETINGS</b>	<p><b>Quorum:</b> A quorum shall be two Non-Executive Director members.</p> <p><b>Frequency of Meetings:</b> The Committee will normally meet five times per year.. The Chair of the Committee can convene a meeting for a special purpose at any time. The External Auditor or Head of Internal Audit can request a meeting if they consider one is necessary.</p> <p><b>Papers:</b> Meeting agenda and papers will be disseminated no later than 5 working days prior to the meeting date.</p> <p><b>Meeting Arrangements:</b> All meetings will be held in person. At the Chair’s discretion, a virtual meeting may be held.</p> <p><b>Withdrawal of individuals in attendance:</b> During the course of a meeting, if a Conflict of Interest is established, the member concerned should withdraw from the discussion / meeting and play no part in the relevant discussion or decision. The Conflict of Interest should be recorded in the minutes.</p> <p>Individuals invited for a specific item will be asked to withdraw following completion of that item.</p>
<b>REPORTING</b>	<p>The minutes of the Audit and Risk Assurance Committee shall be formally recorded by the Committee Secretary and submitted to the Board following approval of the Committee.</p>

	<p>Following each Committee meeting, the Committee Chair will present a written summary report on the meeting to the next Board meeting, drawing to the attention of the Board any issues that require executive action.</p> <p>Any business conducted in a confidential session by the Committee will be reported to a confidential session of the Board.</p> <p>The Committee will report to the Board annually on its work in discharging its responsibilities in support of the annual Governance Statement.</p>
<p><b>OTHER MATTERS</b></p>	<p>The Committee shall be supported administratively by the Board Assurance Manager and the Committee Secretary, whose duties in this respect will include:</p> <ul style="list-style-type: none"> <li>• Agreement of agenda with the Chair</li> <li>• Collation and distribution of papers no less than 5 working days in advance of the meeting</li> <li>• Ensuring appropriate arrangements are in place for the servicing of the Committee including taking and producing draft minutes of the meeting for the Chair's approval</li> <li>• Taking forward matters arising and issues to be carried forward</li> <li>• Arranging the attendance of appropriate officers at the meetings</li> <li>• Assisting the Committee Chair in ensuring the effective operation of the Committee</li> <li>• Advising the Committee on pertinent issues</li> <li>• Annual review of the Terms of Reference and recommendation of updates</li> <li>• Development and maintenance of the Committee work plan for the calendar year</li> <li>• Production of Committee Annual Report in conjunction with the Committee Chair</li> <li>• Ensuring that new members receive appropriate induction training and that all members are supported in identifying and participating in ongoing training</li> </ul>
<p><b>CONFLICT/ DECLARATION OF INTEREST</b></p>	<p>The Chair of the Committee shall seek any declaration or conflict of interest on any matter at the outset of each meeting.</p> <p>All stated declarations of interest made shall be formally recorded in the minutes.</p>
<p><b>REVIEW</b></p>	<p>The Committee will review its Terms of Reference on an annual basis for Trust Board approval.</p>