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| **AUDIT COMMITTEE** | |
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| **Name of Committee:** | Audit Committee |
| **Chair:** | The Chair of the Committee shall be a Non-Executive Director, appointed by the Trust Board.  The Chair of the Committee should have relevant and recent financial experience.  It is desirable that the Chair should have a professional qualification from one of the recognised accountancy bodies.  In the absence of the Chair of the Committee, the Committee members present will elect another Non-Executive Director to chair the meeting. |
| **Other Members:** | In addition to the Chair of the Committee, there will be at least two additional Non-Executive Directors.  Only members of the Committee have the right to attend meetings, but the following shall also be invited to attend routine meetings:   * Chief Executive * Chief Finance and Investment Officer * External Audit Representative * Internal Audit Representative * Local Counter Fraud Representative   The Trust Board Chairman may not be a member of the Committee but may be invited to attend if required.  The Board will review the Committee’s membership annually as part of the Committee Effectiveness Review.  There will be cross-membership with the Governance and Risk Management Committee and the Finance and Investment Committee.  At least once a year the Members of the Committee should meet privately with the external and internal auditors |
| **Quorum:** | Any two Non-Executive Directors, at least one of whom should have recent financial experience.  Any Non-Executive Director may attend a meeting of the Committee and will count towards the quorum. |
| **Frequency of Meetings:** | Meetings shall be held at least five times per year, with additional meetings where necessary.  The External Audit Representative or the Internal Audit Representative can request a meeting if they consider that one is necessary. |
| **Inputs:** | Other Executive Directors / Managers should be invited to attend, particularly when the Committee is discussing areas of risk or operation that are the responsibility of that director/manager |
| **Outputs:** | The confirmed minutes of each meeting to be presented to the next available meeting of the Trust Board.  The Chair of the Committee to provide an oral or written report to the next available meeting of the Trust Board.  Annual committee review and annual report to the Trust Board (March). |
| **Frequency of Review of the Committee’s terms of reference:** | The terms of reference of the Committee shall be reviewed by the Trust Board at least annually. |
| **Committee Secretary:** | Corporate Services Manager |

**1. Purpose**

1.1 The Audit Committee is a formal Committee of the Trust Board. The Committee is authorised by the Board to:

* agree the necessary internal and external audit programmes on behalf of the Trust
* investigate any activity within its Terms of Reference
* obtain, probe and scrutinise any information or records from Trust staff that the Committee considers necessary to fulfil its Terms of Reference. Where this entails obtaining external legal or other independent advice, this would be in consultation with the Trust Chairman

1.2 In particular the Audit Committee will review the adequacy of all risk and control related disclosure statements (especially the statement on Internal Control and declarations of compliance with the standards of the Care Quality Commission) together with accompanying Head of Internal Audit statement, external audit opinion or other appropriate independent assurance, prior to endorsement by the Board.

1.3 The Audit Committee is authorised by the Board to act as the Trust’s Audit Panel in accordance with the Local Audit and Accountability Act 2014.

**2. Duties**

2.1 The primary function of the Committee is to monitor and review the establishment and maintenance of an effective system of integrated governance, internal control and risk management across the Trust, and in particular financial controls, that supports the achievement of the organisation’s objectives.

2.2 The Committee will ensure that there is an effective audit function that meets the mandatory Audit Standards and provides independent assurance. The Committee will:

* oversee and monitor the Internal and External Audit services, including approving the Audit strategy, annual plan and audit fees and ensure this is guided by and consistent with the audit needs of the organisation, the Assurance Framework and the Auditors Local Evaluation
* discuss with the External Auditor the nature and scope of the audit and ensure co-operation with the Internal Audit Programme
* receive a report at each Audit Committee meeting from the Head of Internal Audit
* review and consider the major findings of internal audit investigations and reports, and consider the appropriateness of the associated responses from management
* receive the Annual Internal Audit report relating to the previous year
* review and, subject to any amendments required, commend the Annual Statements to the Board, taking particular note of Accounting Standards, accounting policies, major areas of judgement, and any significant areas of adjustment resulting from the audit
* consider the annual management letter from the external auditor and make recommendations to the Board in respect of the external auditor’s principal matters of concern
* confirm to the Board that there are no outstanding matters of disagreement between the staff and the external auditor
* oversee and monitor the organisation’s policies and procedures for Counter Fraud strategy and annual plan
* monitor compliance and review and advise on amendments to Trust Standing Orders, Standing Financial Instructions and Scheme of Delegation
* monitor and review the organisation’s value for money programme
* report to the Board annually on its work in support of the Annual 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 standards of the Care Quality Commission.
* review and consider the Annual Reports and assurances provided by the Governance and Risk Management Committee, and the underlying assurance processes overseen by that Committee, that together indicate the extent to which the organisation’s objectives are being achieved
* 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
* review and advise on the effectiveness of policies and procedures for ensuring compliance with the relevant regulatory, legal and code of conduct requirements
* review the work of the Audit Committee and the Committee’s own effectiveness in meeting its Terms of Reference on an annual basis
* review arrangements by which staff may, in confidence, raise concerns about potential serious wrong-doing or malpractice. The objective is to ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action
* review schedules of losses and compensations and make recommendations to the Board
* review schedules of debtors/creditors balances over £5,000 and more than six months old and explanations/action plans
* Undertake the selection and appointment of a local External Auditor.
* Advise on the content of the Trust’s policy on the purchase from the local External Auditor of non-audit services.