

TERMS OF REFERENCE

for the


**University Hospitals Dorset NHS Foundation
Trust**

Audit Committee

July 2024

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October 2020	1	October 2021	July 2020	Company Secretary	New Document
October 2021	1.1	October 2022		Company Secretary	Deleted 9.1 Requirement for Committee minutes to be reported to the Trust Board Added 9.1 These minutes will be available to the Board for Directors Remove a phrase at 11.4 i) Amend 11.6,
January 2023	2	January 2024	25 January 2023	Associate Director of Corporate Governance	Alignment of formatting with other Committee ToR; full review and update.

Company Secretary
Audit Committee Terms of Reference
Version 3

September 2023	2.1	July 2024	27 September 2023	Associate Director of Corporate Governance	Amended 3.3 to remove Senior Independent Director from those ineligible to be Committee Chair.
July 2024	3	July 2025	4 September 2024	Associate Director of Corporate Governance	Annual review and update to take account of HMFA NHS Audit Committee Handbook March 2024 – Appendix A Example Terms of Reference

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Print Name	Rob Whiteman	Signature of Chair	

UNIVERSITY HOSPITALS DORSET NHS FOUNDATION TRUST

AUDIT COMMITTEE

TERMS OF REFERENCE

1. PURPOSE

- 1.1 The Board of Directors (Board) has resolved to establish a Committee of the Board to be known as the Audit Committee (the Committee"). The Committee is comprised of Non-Executive Directors and accounts to the Board.

The Committee will contribute to the overall delivery of the Trust's objectives by providing oversight and assurance to the Board on the adequacy of governance, risk management and internal control processes within the Trust.

- The duties of the Committee will be driven by the Trust's objectives and the associated risks. An annual programme of business will be agreed each financial year; however this will be flexible to new and emerging priorities and risks.

- 1.2 The Committee is a committee of the Board and has no executive powers other than those specifically delegated in these terms of reference.

2. RESPONSIBILITIES

Governance, risk management and internal control

- 2.1 To review the adequacy and effectiveness of the system of governance, risk management and internal control, across the whole of the organisation's activities (clinical and non-clinical) that supports the achievement of the organisations' objectives. In particular, the Committee will review the adequacy and effectiveness of:
- All risk and control related disclosure statements (in particular the annual governance statement together with any accompanying head of internal audit opinion, external audit opinion or other appropriate independent assurances, prior to submission to the Board;
 - The underlying assurance processes that indicate the degree of the achievement of the organisation's objectives, the effectiveness of the management of principal risks and the appropriateness of the above disclosure statements;
 - The policies for ensuring compliance with relevant regulatory, legal and code of conduct requirements and any related reporting and self-certifications, including the NHS Code of Governance for Provider Trusts and NHS Provider Licence;
 - The policies and procedures for all work related to counter fraud, bribery and corruption as required by the NHS Counter Fraud Authority (NHSCFA).

In carrying out this work the Committee will primarily utilise the work of internal audit, external audit and other assurance functions, but will not be limited to these sources. It will also seek reports and assurances from directors and managers, as appropriate, concentrating on the over-arching systems of

governance, risk management and internal control, together with indicators of their effectiveness.

This will be evidenced through the Committee's use of an effective assurance framework to guide its work and the audit and assurance functions that report to it.

As part of its integrated approach, the Committee will have effective relationships with other key Committees (for example, the Quality Committee) so that it understands processes and linkages. However, those other Committees must not usurp the Committee's role.

Counter-fraud

- 2.2.1 To satisfy itself that the Trust has adequate arrangements in place for counter fraud, bribery and corruption that meet the NHSCFA standards and the Committee shall review the outcomes of work in these areas.
- 2.2.2 In relation to the local counter fraud specialist, to review, approve and monitor counter fraud work plans, receiving regular updates on counter fraud activity, monitor the implementation of action plans and discuss NHSCFA quality assessment reports.

Internal Audit

- 2.3 To ensure that there is an effective internal audit function that meets the Public Sector Internal Audit Standards and provides appropriate independent assurance to the Committee, Chief Executive officer (in their capacity as Accounting Officer) and Board. This will be achieved by:
 - 2.3.1 Considering the provision of the internal audit service and the costs involved;
 - 2.3.2 Reviewing and approving the annual internal audit plan and more detailed programme of work, ensuring that this is consistent with the audit needs of the Trust as identified in the assurance framework;
 - 2.3.3 Considering the major findings of internal audit work (and the appropriateness and implementation of management responses) and ensuring coordination between the internal and external auditors to optimise the use of audit resources;
 - 2.3.4 Ensuring the internal audit function is adequately resourced and has appropriate standing within the Trust; and
 - 2.3.5 Monitoring the effectiveness of internal audit and carrying out an annual review.

External Audit

- 2.4 To review and monitor the external auditors' integrity, independence and objectivity and the effectiveness of the external audit process. In particular the Committee will review the work and findings of the external auditors and considering the implications and management's response to their work. This will be achieved by:
 - 2.4.1 Considering the appointment and performance of the external auditors, including providing information and recommendations to the Council of Governors in connection with the appointment, reappointment and removal of the external auditors in line with criteria agreed by the Council of Governors and the Committee;
 - 2.4.2 Discussing and agreeing with the external auditors, before the external audit commences, the nature and scope of the audit as set out in the annual external audit plan;
 - 2.4.3 Discussing with the external auditors their evaluation of audit risks and assessment of the Trust and associated impact on the audit fee;
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- 2.4.4 Reviewing all external audit reports, including reports to the Board and the Council of Governors, and any work undertaken outside the annual external audit plan together with any significant findings and the appropriateness of management responses;
- 2.4.5 Ensuring that there is in place a clear policy for the engagement of external auditors to supply non-audit services.

Other assurance functions

- 2.5 To review the findings of other significant assurance functions, both internal and external to the organisation, where relevant to the governance, risk management and assurance of the organisation.

These may include, but will not be limited to, any reviews by Department of Health and Social Care arm's length bodies or regulators/ inspectors (for example, the Care Quality Commission, NHS Resolution) and professional bodies with responsibility for the performance of staff or functions (for example, Royal Colleges, accreditation bodies).

In addition, the Committee will review the work of other committees within the organisation, whose work can provide relevant assurance to the audit Committee's own areas of responsibility. In particular, this will include any committees covering safety/ quality, for which assurance from clinical audit can be assessed, and risk management.

Management

- 2.6 To request and review reports, evidence and assurances from directors and managers on the overall arrangements for governance, risk management and internal control.

The Committee may also request specific reports from individual functions within the organisation (for example, compliance reviews or accreditation reports).

Financial reporting

- 2.7.1 To monitor the integrity of the financial statements of the Trust and any formal announcements relating to the Trust's financial performance.
 - 2.7.2 To ensure that the systems for financial reporting to the Board, including those of budgetary control, are subject to review as to the completeness and accuracy of the information provided to the Board.
 - 2.7.3 To review the annual report, and annual financial statements before these are presented to the Board focusing particularly on:
 - 2.7.3.1 The wording in the annual governance statement and other disclosures relevant to the work of the Committee;
 - 2.7.3.2 Areas where judgment has been exercised;
 - 2.7.3.3 Changes in, and compliance with, accounting policies, practices and estimation techniques;
 - 2.7.3.4 Unadjusted misstatements in the financial statements;
 - 2.7.3.5 Significant judgements in the financial statements;
 - 2.7.3.6 Letters of representation; and
 - 2.7.3.7 Explanations for significant variances.
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Where requested by the Board, the Committee shall provide advice on whether the annual report and accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for stakeholders to assess the trust's position and performance, business model and strategy

System for raising concerns

- 2.8 To review the effectiveness of the arrangements in place for allowing staff (and contractors) to raise (in confidence) concerns about possible improprieties in any area of the organisation (financial, clinical, safety or workforce matters) and ensure that any such concerns are investigated proportionately and independently and in line with the relevant policies.

Governance regulatory compliance

- 2.9 To review the Trust's reporting on compliance with the NHS Provider Licence, NHS Code of Governance for Provider Trusts and the fit and proper persons test.

The committee shall satisfy itself that the Trust's policy, systems and processes for the management of conflicts, (including gifts and hospitality and bribery) are effective including receiving reports relating to non-compliance with the policy and procedures relating to conflicts of interest.

Emergency Preparedness, Resilience and Response (EPRR)

- 2.10 To receive assurance that the Trust is complying with EPRR legal and policy requirements, including sufficient experience and qualified resource having been allocated prior to this being presented to the Board.

3. MEMBERSHIP & ATTENDANCE

- 3.1 Membership of the Committee comprises of four independent Non-Executive Directors (other than the Trust Chair), one of whom will be a qualified accountant with recent and relevant financial experience and one of whom will also be a member of the Quality Committee. Membership of the Committee as a whole should comprise of members with competence relevant to the sector in which the Trust operates.
- 3.2 The following will be invited to attend meetings of the Committee to provide information and advice with prior agreement of the Committee Chair on a regular basis:
- Representative(s) from the external auditor;
 - Representative(s) from the internal auditor;
 - Representative(s) from the local counter fraud service;
 - Chief Finance Officer;
 - Chief Nursing Officer; and
 - Associate Director of Corporate Governance/Company Secretary;
- and others will attend as invited by the Committee Chair.
- 3.3 The Committee will be chaired by a Non-Executive Director of the Trust (not the Trust Chair or Trust Vice-Chair), appointed by the Board. A Non-Executive Deputy Chair should be nominated (not the Trust Chair). In the absence of the

Committee Chair and/or any appointed Deputy, the remaining members shall elect one of the Non-Executive Directors present to chair the meeting.

- 3.4 Subject to paragraphs 3.2 above and 3.6 below, only members of the Committee have the right to attend Committee meetings. The Chair may ask any or all of those who attend, but who are not members, to withdraw to facilitate open and frank discussion of particular matters.
- 3.5 Committee members should aim to attend all scheduled meetings but must attend a minimum of two thirds of meetings. The Company Secretary (or their nominee) will maintain a register of members' attendance.
- 3.6 Other individuals may be invited to attend for all or part of any meeting, as and when appropriate and necessary, particularly when the Committee is considering areas of risk or operation that are the responsibility of a particular executive director. The Chief Executive Officer will be invited to attend meetings of the Committee, at least annually, to discuss with the Committee the process for assurance supporting the annual governance statement. The Chief Executive Officer should also attend when the Committee considers the draft annual governance statement and the annual report and accounts.
- 3.7 Governor(s) may be invited by the Chair to attend meetings of the Committee as observer(s). Observers are not members of the Committee.

4. AUTHORITY

- 4.1 The Committee is authorised by the Board to investigate/review any activity within its Terms of Reference.
- 4.2 The Committee is authorised to approve its own governance cycle
- 4.3 The Committee is authorised by the Board to obtain any external advice it requires to discharge its duties and to request the attendance of individuals and authorities from outside the Trust with relevant experience and expertise if it considers this necessary for or expedient to the exercise of its functions.
- 4.4 The Committee is authorised to obtain such internal information as is necessary and expedient to the fulfilment of its functions and all employees are directed to co-operate with any request made by the Committee.
- 4.5 The Committee is authorised to approve policies in accordance with the Document Control Policy.

5. CONDUCT OF BUSINESS

- 5.1 The Standing Orders of the Trust, as far as they are applicable, shall apply to the Committee and any of its meetings.
- 5.2 The Committee will meet at least four times in each financial year and at such other times as the Committee Chair shall require. The Committee Chair, Board, Chief Executive Officer, external auditors or head of internal audit may request an additional meeting if they consider that one is necessary.

- 5.3 Meetings of the Committee shall be quorate if the Committee Chair (or their nominated deputy) and one other Non-Executive Director member are present.
- 5.4 If a meeting of the Committee is inquorate, then the meeting can progress if those present determine. However no business shall be transacted; items requiring approval may be submitted to the next meeting of the Board as an urgent item.
- 5.5 Meetings of the Committee shall be called by the Company Secretary at the request of the Committee Chair or any of the Committee's members, or, if they consider it necessary, external or internal auditors.
- 5.6 The Company Secretary (or their nominee) is responsible for preparing the agenda for agreement by the Chair. The Company Secretary (or their nominee) shall collate and circulate papers to Committee members. Unless otherwise agreed by the Committee Chair, papers should be provided not less than seven working days before the meeting and the agenda and papers should be circulated not less than five working days before the meeting.
- 5.7 The agenda and papers shall be made available upon request to members of the Board.
- 5.8 Under exceptional circumstances, in the case of emergency or urgency, items of business may be conducted outside of formal meetings. This should normally be agreed by the Committee in advance and carried out either by: Chair's action, calling an extraordinary meeting or reaching consensus on a decision by e-mail. Any decisions made in this manner must be formally ratified by the Committee and/or Board at the next meeting.
- 5.9 Committee business may be transacted through virtual media (including, but not limited to video conferencing). At the start of each meeting taking place without all parties physically present, the Chair shall be responsible for determining that the meeting is quorate.
- 5.10 Proceedings and decisions made will be formally recorded by the Company Secretary team in the form of minutes, which will be submitted to the next meeting of the Committee for approval. Once approved by the Committee, minutes of the meetings of the Committee shall be made available to all other members of the Board, unless the Committee Chair is of the opinion that it would be inappropriate to do so.
- 5.11 At each meeting, there will be an opportunity for the Committee to meet with representatives of external and internal auditors without management being present to discuss their remit and any issues arising from their audits. At least once a year the Committee should meet privately with the internal auditors, external auditors and local counter fraud specialist either separately or together.
- 5.12 Outside of the formal meeting programme, the Committee Chair will maintain a dialogue with key individuals involved in the Trust's governance, including external and internal audit and local counter fraud specialist.
- 5.13 Members will be expected to conduct business in line with the Trust's values and objectives.
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- 5.14 Members of, and those attending, the Committee shall behave in accordance with the Trust's Constitution, Standing Orders, and Codes of Conduct (including, but not limited to, observing confidentiality).
- 5.15 Members must demonstrably consider the equality and diversity implications of decisions they make.

6. RELATIONSHIPS & REPORTING

- 6.1 The Committee shall be accountable to the Board and shall report to the Board on how it discharges its responsibilities.
- 6.2 Where the Committee considers there is evidence of ultra vires transactions, evidence of improper acts, or if there are other important matters that the Committee wishes to raise, the Committee Chair should raise the matter at a full meeting of the Board. The matter may be referred to the Chief Finance Officer in the first instance.
- 6.3 The Committee Chair shall present a report summarising the proceedings of each Committee meeting at the next meeting of the Board, including drawing to the Board's attention that require disclosure to the full Board, or require executive action. For the avoidance of doubt, where practicable, this shall be a written report, with a verbal update being presented as necessary.
- 6.4 The committee will report to the Board at least annually on its work in support of the annual governance statement, specifically commenting on the:
- fitness for purpose of the assurance framework
 - completeness and 'embeddedness' of risk management in the organisation
 - effectiveness of governance arrangements
 - appropriateness of the evidence that shows that the organisation is fulfilling regulatory requirements relating to its existence as a functioning business.
- 6.4 The Committee shall refer to the Finance & Performance Committee, Quality Committee, People & Culture Committee and/or Population Health & System Committee any matters requiring review or decision in such forum(s).
- 6.5 The Committee shall receive reports from sub-groups of the Trust Management Group and/or Board Committees that specify matters requiring escalation to the Committee. The Committee shall also receive, from time to time, such reports from such sub-groups as it may require to provide it with assurance relating to matters within the scope of the Committee's responsibilities.

7. MONITORING

- 7.1 Attendance will be monitored at each committee meeting. A matrix (see example at Appendix A) of membership attendees will be used for monitoring purposes.

- 7.2 The Trust's Annual Report will include a section describing the work of the Committee in discharging its responsibilities including:
- 7.2.1 The significant issues that the Committee considered in relation to financial statements, operations and compliance, and how these issues were addressed;
- 7.2.2 An explanation of how the Committee has assessed the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor, the value of external audit services and information on the length of tenure of the current audit firm, when a tender was last conducted and advanced notice of any retendering plans; and
- 7.2.3 If the external auditor provides non-audit services, the value of the non-audit services provided and an explanation of how auditor objectivity and independence are safeguarded.
- 7.3 On an annual basis, the Committee will provide a self-assessment report to the Board detailing how the Committee has discharged its obligations as set out within its terms of reference, specifically incorporating an assessment of its effectiveness and making recommendations for improvement, where appropriate.

8. REVIEW

- 8.1 These Terms of Reference will be reviewed annually or sooner if appropriate.
- 8.2 The position of the Chair of the Committee will be reviewed at least every three years.

APPENDIX A

ATTENDANCE AT AUDIT COMMITTEE MEETINGS

NAME OF COMMITTEE:	Finance and Performance Committee											
Present (including names of members present at the meeting)	Meeting Dates											
Was the meeting quorate? Y/N (Please refer to Terms of Reference)												