TERMS OF REFERENCE
for the

University Hospitals Dorset NHS Foundation Trust

Audit Committee

October 2021

DOCUMENT DETAILS

Author:	Carrie Stone
Job Title:	Company Secretary
Signed:	
Date:	2020
Version No: (Author Allocated)	1.1
Next Review Date:	2022
Approving Body/Committee:	Board of Directors
Chair:	
Signed:	
Date Approved:	July 2020
Target Audience:	Non-Executive Directors and Executive Directors

Document History

Date of Issue	Version No:	Next Review Date:	Date Approved:	Director responsible for Change	Nature of Change
Oct 2020	1	Oct 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 fo Directors Remove a phrase at 11.4 i) Amend 11.6,

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INDIVIDUAL APPROVAL			
Job Title	Chairman	Date	
Print Name	David Moss	Signature	

COMMITTEE APPROVAL			
If the committee is happy to approve this document, please sign and date it and forward copies for inclusion on the Intranet.			
Name of Committee	Board of Directors	Date	
Print Name	David Moss	Signature of Chair	

UNIVERSITY HOSPITALS DORSET NHS FOUNDATION TRUST

AUDIT COMMITTEE

TERMS OF REFERENCE

1. PURPOSE

1.1 The Audit Committee is a Non-Executive Committee of the Board of Directors and has no executive powers, other than those specifically delegated in these terms of reference.

1.2 The Audit Committee will provide an independent and objective view of internal control by:-

a) overseeing internal and external audit services;

b) reviewing financial and information systems, monitoring the integrity of the financial statements and reviewing significant financial reporting judgments;

c) reviewing the establishment and maintenance of an effective system of integrated governance, risk management and internal control;

d) monitoring compliance with Standing Orders and Standing Financial Instructions;

e) reviewing schedules of losses and compensations and making recommendations to the Board;

f) reviewing the arrangements in place to support the board assurance framework process prepared on behalf of the Board and advising the Board accordingly, on:-

- Integrated Governance;
- Risk Management;
- Internal Audit;
- Board Assurance;
- Production of the Annual Report;
- Schedule of Losses and Compensations;

- Freedom to Speak up - Whistleblowing
- Clinical Audit;
- Counter Fraud.

in order to provide the Board of Directors with a means of independent and objective review of financial and corporate governance, assurance processes and risk management across the whole of the organisation's activities (clinical and non-clinical), both generally and in support of the Annual Governance Statement, (including letters of representation).

1.3 The Committee will seek the views of the Trust's External Auditor and consider the Executives' response to the auditor's work.

2. MEMBERSHIP/ATTENDANCE

2.1 Membership of the Audit Committee comprises of four nominated non-executive directors including the Chairman of the Committee. The chairman of the Trust shall not be a member of the committee. At least one member shall be a qualified accountant. One member shall be a member of the Quality Committee.

2.2 The Non-Executive Directors of the Trust will appoint the Chair of the Committee from the Non-Executive Directors. A nominated deputy will be identified from the Non-Executive group, if the Chair is unable to attend a meeting. In the absence of the Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

2.3 The Chief Finance Officer and Chief Nursing Officer or their nominated representatives, and appropriate internal and external audit and counter fraud representatives will attend. The Chief Executive as the Accountable Officer should be invited to attend at least annually to discuss with the Audit Committee the process of assurance that supports the Annual Governance Statement.

2.4 In addition, the following will attend the Committee to provide advice as required:

- relevant Chief Officers;
- The Freedom to Speak up Guardian
- the Clinical Director for Clinical Audit;
- the Chief Medical Officer;
- the Chair of the Information Governance Committee or Information Governance Manager.

2.5 Only members of the Committee have the right to attend Committee meetings. Any other directors may attend following notification to the Chairman.

2.6 One governor may attend each meeting as an observer. Observers are not members of the Committee.

3. FREQUENCY OF MEETINGS

3.1 The Committee shall meet at least quarterly and otherwise as required.

3.2 At every meeting there will be the opportunity for Internal and External Auditors and the representative from the Counter Fraud Service to meet with the Committee without any Executive Director present.

3.3 The Committee will meet with the External and Internal Auditors twice a year.

4. QUORUM

4.1 The quorum of the Committee is the Chairman or nominated deputy and one other non-executive director.

5. NOTICE OF MEETINGS

5.1 The Committee shall be supported by the Company Secretary.

5.2 Meetings of the Committee shall be called by the Company Secretary at the request of any of the Committee members or at the request of the External or Internal Auditors if they consider it necessary.

5.3 The Committee Chairman will agree the agenda and papers to be circulated with the Company Secretary or their nominee.

5.4 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and supporting papers, shall be forwarded to each member of the Committee and any other person required to attend no later than five working days before the date of the meeting.

6. ACCOUNTABILITY

6.1 The Committee is accountable through the Board of Directors for reviewing the audit and governance aspects of plans and performance of the Trust.

7. AUTHORITY

7.1 The Committee is authorised by the Board of Directors to investigate/review any activity within its Terms of Reference.

7.2 The Committee is authorised to seek any information from any employee and call any employee to be questioned at a meeting of the Committee and the employee is directed to co-operate with any request made by the Committee.

7.3 The Committee is authorised by the Board of Directors to obtain any external advice it requires to discharge its duties and to secure the attendance of external advisors with relevant experience and expertise if it considers this necessary.

8. RESPONSIBILITIES

8.1 The responsibilities of the Committee are set out in its Constitution (see 1.2) above and in its Governance Cycle.

9. RELATIONSHIP WITH OTHER COMMITTEES

9.1 A formal minute of the meeting will be recorded and these minutes will be available to the Board of Directors.

9.2 The Committee will receive a chairman's report following each meeting of the Information Governance Steering Group.

10. REPORTING MECHANISMS

10.1 Where the Audit 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 Chairman of the Audit Committee should raise the matter at a full meeting of the Board of Directors. The matter may be referred to the Chief Finance Officer in the first instance. Exceptionally, the matter may need to be referred to the Independent Regulator.

10.2 The Agenda and Papers will be circulated to other members of the Board of Directors and those required for regular attendance.

10.3 The Committee will provide an annual report on its work and how it discharges its responsibilities to the Board of Directors.

10.4 The Committee shall compile a report on its activities to be included in the Trust's Annual Report.

11. PROCESS

11.1 The Committee will review the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the organisation's activities (clinical and non-clinical) that supports the achievement of the organisation's objectives. In particular, the Committee will review the adequacy and effectiveness of:

i) All risk and control related disclosure statements (in particular, the Annual Governance Statement, Annual Report, Quality Accounts, Annual Financial Statements, Annual Draft Licence Compliance, Annual draft Code of Governance compliance, Assurance process for Licence Condition Compliance, Assurance Process for Corporate Governance Statement together with any accompanying Head of Internal Audit statement, External Audit opinion or other appropriate independent assurances), prior to submission to the Board of Directors;

ii) 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;

iii) The policies for ensuring compliance with relevant regulatory, legal and code of conduct requirements and any related reporting and self-certifications;

iv) The wording in the Annual Governance Statement and other disclosures relevant to the Terms of Reference of the Committee;

v) Review of the clinical audit system plan to ensure that it is robust, reflecting

both national and local priorities, comprehensive and embedded across all clinical teams with the outcomes used to drive improvement and enhance the overall quality of clinical care.

11.2 Counter-fraud

i) Review the adequacy and effectiveness of policies and procedures for all work related to anti-fraud, bribery and corruption as set out by NHS Protect, the relevant Service Condition of the NHS Standard Contract and as recommended by the appointed Counter Fraud Service.

ii) Ensure that the Counter Fraud function has appropriate standing within the organisation;

iii) Review the Counter Fraud programme, consider major findings of investigations (and management's response), and ensure co-ordination between the Internal Auditors and Counter Fraud;

11.3 Internal Audit

i) The provision of the Internal Audit service, the cost of the audit and any questions of resignation and dismissal and the selection process when an Internal Audit Services Provider is changed;

ii) The Internal Audit strategy and plan, operational plan and more detailed programme of work, ensuring that this is consistent with the audit needs of the organisation as identified in the Board Assurance Framework;

iii) The major findings and recommendations of Internal Audit work (and management's response) and ensure co-ordination between the Internal and External Auditors to optimise audit resources;

iv) Non-compliance with, or inadequate response to Internal Audit Reports to the Board of Directors;

v) The adequacy of resource for the Internal Audit function, that it has appropriate access to information to perform its function effectively, is free from management or other restrictions and that it has appropriate standing within the organisation;

vi) The effectiveness of Internal Audit and carrying out an annual review;

11.4 External Audit.

i) Oversee a market testing exercise and consider the appointment of the External Auditor, the audit fee and any questions of resignation and dismissal based on criteria agreed by the Council of Governors. Make a recommendation to the Council of Governors on appointing the External Auditor;

ii) Discuss and agree with the External Auditor, before the audit commences, the nature and scope of the audit as set out in the Annual Plan, and ensure co-ordination as appropriate, with other External Auditors in the local health economy, Internal Audit and the representative from the Counter Fraud service;

iii) Discuss with the External Auditors their local evaluation of audit risks together

with the level of their audit fee;

iv) Assess the External Auditor's work and fees each year and make a recommendation to the Council of Governors with regard to the continuation of the appointment for the remaining period. This assessment should consider a review of the External Auditor's independence and objectivity and effectiveness of the audit process in light of relevant professional and regulatory standards;

v) Review all External Audit reports, including agreement of the annual audit letter before submission to the Board of Directors and any work carried outside the annual audit plan, together with the appropriateness of management responses and monitor progress on implementation of recommendations;

vi) Ensure there is in place a clear policy for the engagement of external auditors to supply non-audit services and consider any reports;

11.5 Financial Reporting.

i) Monitor the integrity of the financial statements of the organisation and any formal announcements relating to its financial performance;

ii) Ensure that the systems for financial reporting to the governing body, including those of budgetary control, are subject to review as to the completeness and accuracy of the information provided;

iii) Review the annual report, annual governance statement and annual financial statements before submissions to the Board of Directors to determine completeness, objectivity, integrity and accuracy, focusing particularly on:

- The wording in the annual governance statement and other disclosures relevant to the terms of reference of the Committee;
- Changes in, and compliance with, accounting policies, practices and estimation techniques;
- Major judgemental areas and explanation of estimates or provisions having material effect;
- Unadjusted misstatements in the financial statements;
- Significant adjustments resulting from the audit and any reservations and disagreements between the External Auditor and management that have not been satisfactorily resolved;
- Letters of representation;
- Explanations for significant variances;
- All material information presented with the financial statements, such as the annual governance statement and forward plan relating to the audit and risk management.

11.6 Freedom to Speak up

i) Review the effectiveness of the arrangements in place for allowing staff to raise (in confidence) concerns about possible improprieties in matters of financial reporting and control, fraud, bribery and corruption, clinical quality, patient safety or other matters.

11.7 Information Governance

i) Review how cyber security arrangements are being managed including appropriate risk mitigation strategies;

ii) Review how business continuity relating to IT is being managed including planning for likely scenarios;

iii) Consider the adequacy of assurance provided by the completion of the Data Security and Protection Toolkit annually;

iv) Receive assurance of compliance with regulatory standards relating to information governance with any gaps in compliance, controls or assurance identified.

12. MONITORING

12.1 Attendance will be monitored as part of the agenda at each committee meeting and a matrix (see Appendix A) of membership attendees will be used for monitoring purposes.

12.2 The Trust's Annual Report will include details of its governance cycle, a summary of the business conducted, membership attendance, frequency of meetings and whether meetings were held in quorum.

12.3 At least once a year, the Committee will review its own performance and Terms of Reference to ensure it is operating at maximum effectiveness and will recommend any changes it considers necessary to the Board for approval.

13. REVIEW

13.1 These Terms of Reference will be reviewed annually or as requested by the Trust Chairman or the Committee Chairman.

13.2 The position of Chairman of the Committee will be reviewed at least every three years.

APPENDIX A

UNIVERSITY HOSPITALS DORSET NHS FOUNDATION TRUST

COMMITTEE MEETING ATTENDANCE RECORD

Dates

NAME OF COMMITTEE:	AUDIT COMMITTEE						
REPORTS TO :	BOARD OF DIRECTORS						
Membership (as per Terms of Reference). Please give names and/or full job title below:	**MEETING DATES**						
In attendance:							
Chief Officers/Deputies							
*External Audit**							
Internal Audit							
Counter Fraud							
Was the meeting quorate? **Y / N**							