

## **2. AUDIT**

### **2.1 Audit Committee**

The Committee has been formally constituted by the Board in accordance with its Standing Orders and will report through to the Board of Directors.

The Committee is authorised 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 requests made by the Committee.

The Committee is authorised to obtain outside legal and other independent professional advice and to secure the attendance of outsiders with relevant experience, expertise if it considers it necessary.

### **2.2 Scope and Duties**

- 2.2.1 To provide the Board of Directors with a means of independent and objective review of financial systems, internal financial control, financial information used by the Trust and compliance with law, guidance and codes of conduct and accountability.
- 2.2.2 To monitor the implementation of policies and procedures and standards of probity and business conduct for the Board of Directors and staff.
- 2.2.3 To review the annual financial statements before submission to the Board, focusing particularly on:-
  - (a) Changes in/and compliance with accounting policies and practices
  - (b) Major judgmental areas
  - (c) Significant adjustments resulting from the audit
- 2.2.4 To review the establishment and maintenance of an effective system of internal control and risk management.
- 2.2.5 Review the adequacy of all risk and control related disclosure statements together with any accompanying Head of Internal Audit Annual Opinion Statement prior to endorsement by the Board. This will encompass all risks that affect the Trust not just financial risks.
- 2.2.6 Review the structure processes and responsibility for identifying and managing key risks facing the organisation.
- 2.2.7 Review policies for ensuring that there is compliance with relevant regulatory, legal, and code of conduct requirements as set out in the relevant guidance.
- 2.2.8 Review and monitor tenders waived.
- 2.2.9 Review the operational effectiveness of policies and procedures.
- 2.2.10 Review the policies and procedures for all work related to fraud and corruption as set out in the NHS Counter Fraud Authority's Counter Fraud Standards for Providers.

- 2.2.11 Review and monitor the Trust's Board Assurance Framework.
- 2.2.12 To consider the appointment of the Local Counter Fraud Service (LCFS).
- 2.2.13 To consider the appointment of the Internal Audit Services, the audit fee and any questions of resignation and dismissal.
- 2.2.14 To review the internal audit programme considering the major findings of internal audit investigations and management's response and ensure co-ordination between the Internal and External Auditors.
- 2.2.15 To ensure that the Internal Audit function is adequately resourced and has appropriate standing within the organisation.
- 2.2.16 To advise and support the appointment of the External Auditors by the Council of Governors.
- 2.2.17 To discuss with External Audit before the audit commences, the nature and scope of the audit and ensure co-ordination as appropriate with External Auditors within the local health economy.
- 2.2.18 To review External Audit reports including value for money reports and annual audit letters, together with the management response.
- 2.2.19 To review proposed changes to Standing Orders and Standing Financial Instructions, unless a situation should arise that would result in delaying urgent revisions to the documents being made. In these circumstances, this task can be escalated to the Board of Directors.
- 2.2.20 To examine circumstances associated with each occasion when Chair's Action is taken to waive Standing Orders and/or Standing Financial Instructions.
- 2.2.21 To review schedules of losses and special payments and make recommendations to the Trust Board.
- 2.2.22 Delegation from the Board, review and approve the annual accounts and annual report for the Charity, prior to the adoption by the Charitable Funds Committee, focusing particularly on:-
  - (a) Changes in/and compliance with accounting policies and practices
  - (b) Major judgmental areas
  - (c) Significant adjustments resulting from the audit