



Terms of Reference

Title:	Audit Committee
Date approved, and approving body:	April 2014 Board of Directors
Date reviewed:	April 2016
Next review date:	April 2017
1. Authority	<p>1.1. The Audit Committee is constituted as a standing committee of the North East Ambulance Service NHS Foundation Trust's Board of Directors (hereinafter referred to as 'The Trust'). Its constitution and terms of reference shall be as set out below, subject to amendment at future Board of Directors meetings. The Audit Committee shall not have executive powers in addition to those delegated in these terms of reference.</p> <p>1.2. The Audit Committee is authorised by the Board of Directors to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any member of staff and all members of staff are directed to co-operate with any request made by the Audit Committee.</p> <p>1.3. The Audit Committee is authorised by the Board of Directors to obtain outside legal or other independent professional advice. The committee is authorised by the Board of Directors to request the attendance of individuals and authorities from outside the foundation trust with relevant experience and expertise if it considers this necessary or expedient to the carrying out of its functions.</p>
2. Purpose	<p>2.1. The Audit Committee has primary responsibility for monitoring and reviewing financial and other risks and associated controls, corporate governance and financial assurance.</p> <p>2.2. The Board of Directors is responsible for ensuring effective financial decision-making, management and internal control including:</p> <ul style="list-style-type: none">• management of the foundation trust's activities in accordance with statute and regulations; and• the establishment and maintenance of a system of internal control to give reasonable assurance that assets are safeguarded, waste or inefficiency avoided and reliable financial information produced, and that value for money is continuously sought. <p>2.3. The Audit Committee shall 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 Trust's activities both generally and in support of the annual governance statement. In addition the Audit Committee shall:</p> <ul style="list-style-type: none">• Provide assurance of independence for external and internal audit;

	<ul style="list-style-type: none"> • Ensure that appropriate standards are set and compliance with them is monitored in all areas that fall within the remit of the audit committee; and • Monitor corporate governance (e.g. compliance with terms of the licence, constitution, codes of conduct, standing orders, standing financial instructions, maintenance of registers of interests).
3. Membership	<p>3.1. The committee shall be composed of not less than three independent Non-Executive Directors, at least one of whom should have recent and relevant financial experience.</p> <p>3.2. The Chairman of the Committee shall be appointed by the Board of Directors.</p> <p>3.3. A quorum shall not be less than two independent Members of the Committee.</p>
4. Attendance	<p>4.1. Only members of the Audit Committee have the right to attend meetings, but the Director of Finance & Resources and Head of Internal Audit of the Trust shall generally be invited to attend routine meetings of the Audit Committee.</p> <p>4.2. A representative of the external auditors shall also be invited to attend meetings of the Audit Committee.</p> <p>4.3. The Chief Executive and other Trust directors and/or staff and executives shall be invited to attend those meetings in which the Audit Committee will consider areas of risk or operation that are their responsibility.</p> <p>4.4. The Trust chair shall not be a member of the Committee but may be invited to attend meetings of the Audit Committee as an observer at the invitation of the Committee.</p> <p>4.5. A representative of the Local Counter Fraud Service may be invited to attend meetings of the Audit Committee.</p> <p>4.6. The PA to the Director of Finance & Resources shall be the secretary to the audit committee and will provide administrative support and advice. The duties of the secretary in this regard include but are not limited to:</p> <ul style="list-style-type: none"> • Agreement of the agenda with the chair of the audit committee and attendees together with the collation of connected papers; • Taking the minutes and keeping a record of matters arising and issues to be carried forward; and • Reviewing every decision to suspend the standing orders.
5. Frequency of meetings	<p>5.1. Meetings shall be held at least four times per year, with additional meetings where necessary.</p> <p>5.2. The external auditor and internal auditor shall be afforded the opportunity at least once per year to meet with the Audit Committee without executive directors present.</p> <p>5.3. Members of the Audit Committee should aim to attend all scheduled meetings but no fewer than 75%.</p>
6. Duties	<p>6.1. The duties of the Committee are set out in a detailed work plan which is set in advance of the commencement of the financial year and monitored at each meeting.</p>

Internal control and risk management:

- 6.2. To ensure the provision and maintenance of an effective system of financial risk identification and associated controls, reporting and governance.
- 6.3. To maintain an oversight of the Trust's general risk management structures, processes and responsibilities, including the production and issue of any risk and control-related disclosure statements.
- 6.4. To review processes to ensure appropriate information flows to the Audit Committee from executive management and other board committees in relation to the trust's overall internal control and risk management position in liaison with the Quality Committee and Executive Risk Management Group.
- 6.5. To review the adequacy of the policies and procedures in respect of all counter-fraud work. The committee must satisfy itself that adequate arrangements are in place to counter fraud and consider and agree the Counter Fraud Plan and the results of counter fraud work as far as they have a bearing on the wider role of the Committee.
- 6.6. To review the adequacy of the Trust's arrangements by which Trust staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and control and related matters or any other matters of concern.
- 6.7. To review the adequacy of underlying assurance processes that indicate the degree of achievement of corporate objectives and the effectiveness of the management of principal risks.
- 6.8. To review the adequacy of policies and procedures for ensuring compliance with relevant regulatory, legal and conduct requirements.
- 6.9. To review the register of losses and special payments.

Internal audit:

- 6.10. To review and approve the internal audit strategy and programme, ensuring that it is consistent with the needs of the organisation.
- 6.11. To oversee on an on-going basis the effective operation of internal audit in respect of:
 - Adequate resourcing;
 - Its co-ordination with external audit;
 - Meeting relevant internal audit standards;
 - Providing adequate independence assurances;
 - Having appropriate standing within the Trust; and
 - Meeting the internal audit needs of the Trust.
- 6.12. To consider the major findings of internal audit investigations and management's response and their implications and monitor progress on the implementation of recommendations.
- 6.13. To consider the provision of the internal audit service, the cost of the audit and any questions of resignation and dismissal of internal audit staff.

6.14. To conduct an annual review of the internal audit function.

External audit:

6.15. To make a recommendation to the council of governors in respect of the appointment, re-appointment and removal of an external auditor and related fees as applicable. To the extent that the recommendation is not adopted by the council of governors, this shall be included in the annual report, along with the reasons that the recommendation was not adopted.

6.16. To discuss with the external auditor, before the audit commences, the nature and scope of the audit, and ensure co-ordination, as appropriate, with other external auditors in the local health economy.

6.17. To assess the external auditor's work and fees each year and based on this assessment, to make the recommendation in 6.3.1 to the council of governors with respect to the re-appointment or removal of the auditor. This assessment should include the review and monitoring of the external auditor's independence and objectivity and effectiveness of the audit process in light of relevant professional and regulatory standards.

6.18. To oversee the conduct of a market testing exercise for the appointment of an auditor at least once every five years and, based on the outcome, make a recommendation to the council of governors with respect to the appointment of the auditor.

6.19. To review external audit reports, including the annual audit letter, together with the management response, and to monitor progress on the implementation of recommendations.

6.20. To develop and implement a policy on the engagement of the external auditor to supply non-audit services.

6.21. To consider the provision of the external audit service, the cost of the audit and any questions of resignation and dismissal of the auditors.

6.22. To review annually the effectiveness of the external audit process which shall include a report from the external auditors on their own internal quality procedures. The review of effectiveness will take into account relevant professional and regulatory requirements.

Annual accounts review:

6.23. To review the annual statutory accounts, before they are presented to the Board of Directors, in order to determine their completeness, objectivity, integrity and accuracy. This review will cover but is not limited to:

- The meaning and significance of the figures, notes and significant changes;
- Areas where judgment has been exercised;
- Adherence to accounting policies and practices;
- Explanation of estimates or provisions having material effect;
- The schedule of losses and special payments;
- Any unadjusted statements; and
- Any reservations and disagreements between the

	<p style="text-align: center;">external auditors and management which have not been satisfactorily resolved.</p> <p>6.24. To review the annual report, quality report and annual governance statement before they are submitted to the board of directors to determine completeness, objectivity, integrity and accuracy.</p> <p>6.25. To review all accounting and reporting systems for reporting to the board of directors, including in respect of budgetary control.</p> <p><u>Standing orders, standing financial instructions and standards of business conduct:</u></p> <p>6.26. To review on behalf of the Board of Directors the operation of, and proposed changes to, the standing orders and standing financial instructions, the constitution, codes of conduct and standards of business conduct; including maintenance of registers.</p> <p>6.27. To examine the circumstances of any significant departure from the requirements of any of the foregoing, and whether those departures relate to a failing, an overruling or a suspension.</p> <p>6.28. To review the scheme of delegation.</p> <p><u>Other:</u></p> <p>6.29. To review performance indicators relevant to the remit of the Audit Committee.</p> <p>6.30. To examine any other matter referred to the Audit Committee by the Board of Directors and to initiate investigation as determined by the Audit Committee.</p> <p>6.31. To review each year the accounting policies of the Trust and make appropriate recommendations to the Board of Directors.</p> <p>6.32. To develop and use an effective assurance framework to guide the Audit Committee's work. This will include utilising and reviewing the work of the internal audit, external audit and other assurance functions as well as reports and assurances sought from directors and managers and other investigatory outcomes so as fulfil its functions in connection with these terms of reference.</p> <p>6.33. To review the findings of other significant assurance functions, both internal and external to the organisation and consider the implications to the governance of the organisation where the review is not covered by another Board Committee.</p> <p>6.34. To review the clinical audit plan at the commencement of the financial year and the clinical audit annual report at the end of the year. A mid-year report will also be presented to summarise progress against the plan. This provides the Committee with assurance regarding the processes, whilst the Quality Committee and its supporting sub-structure reviews the detail and the outcomes.</p>
<p>7. Reporting</p>	<p>7.1. The minutes of all meetings of the Audit Committee shall be formally recorded and submitted, together with recommendations where appropriate, to the Board of Directors. The submission to the Board of Directors shall include details of any matters in respect of which actions or</p>

	<p>improvements are needed. This will include details of any evidence of potentially ultra vires, otherwise unlawful or improper transactions, acts, omissions or practices or any other important matters. To the extent that such matters arise, the Chair of the Audit Committee shall present details to a meeting of the Board of Directors in addition to submission of the minutes.</p> <p>7.2. The Committee shall report to the Council of Governors identifying any significant matters in respect of which it considers that action or improvement is needed, and make recommendations as to the steps to be taken.</p> <p>7.3. The Audit Committee will report annually to the Board of Directors in respect of the fulfilment of its functions in connection with these terms of reference. Such report shall include but not be limited to functions undertaken in connection with the annual governance statement; the assurance framework; the effectiveness of risk management within the Trust; the integration of and adherence to governance arrangements; its view as to whether the self-assessment against standards for better health is appropriate; and any pertinent matters in respect of which the Audit Committee has been engaged.</p> <p>7.4. The annual report should describe the work of the Committee in discharging its responsibilities. This should include:</p> <ul style="list-style-type: none"> • the significant issues that the Committee has considered, and how they were addressed; • how the Committee has assessed the effectiveness of the external audit process, the approach taken to the appointment or re-appointment of the external auditor, the value of services provided and information on the length of tenure (including when a tender was last conducted); and • the value of non-audit services provided, including how auditor objectivity and independence are safeguarded.
<p>8. Review</p>	<p>8.1. The terms of reference are available publicly on the Trust's website and will be reviewed and refreshed on an annual basis, through consultation with the Council of Governors.</p>
<p>9. Self assessment and training</p>	<p>9.1. At least once a year, review its own performance and Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.</p> <p>9.2. The Committee will undertake an annual training needs assessment for its Members. A programme of training is in place for members covering hard and soft skills and topic areas. In addition, there is a dedicated Audit Committee induction for new members.</p>