

Terms of Reference



Group Audit and Risk Committee	
1. APPROVING BODY	Board of Directors
2. DATE APPROVED	12 May 2022
3. PURPOSE	<p>The purpose of the Audit and Risk Committee is to provide structured, systematic oversight of the organisation's governance, risk management, and internal control practices. The Committee assists the Board by providing advice and guidance on the adequacy of the organisation's initiatives for:</p> <ul style="list-style-type: none"> • Financial statements and public accountability reporting • Risk management • Internal control framework • Governance structure • Oversight of the internal audit activity, external auditors, and other providers of assurance • Values and ethics <p>In broad terms, the Audit and Risk Committee reviews each of the items noted above and provides the Board with independent advice and guidance regarding the adequacy and effectiveness of management's practices, including in relation to quality and potential improvements to those practices.</p>
4. RESPONSIBILITIES	<p>The Audit and Risk Committee shall have the following responsibilities:</p> <p>Financial Reporting</p> <p>4.1 Monitor the integrity of the Group financial statements and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain.</p> <p>4.2 Review summary financial statements, significant financial returns to regulators and any financial information contained in other official documents, including the Annual Governance Statement (AGS), relevant to the work of the committee.</p> <p>4.3 Review and challenge where necessary:</p> <ul style="list-style-type: none"> 4.3.1 the consistency of, and any changes to, accounting policies both on a year on year basis and across the foundation trust and any subsidiary undertakings; 4.3.2 the methods used to account for significant or unusual transactions where different approaches are possible; 4.3.3 whether the foundation trust has followed appropriate accounting standards and made appropriate estimates and

- judgements, taking into account the views of the external auditor;
- 4.3.4 the clarity and completeness of disclosure in the foundation trust's financial reports and the context in which statements are made;
- 4.3.5 all material information presented with the financial statements, such as the Annual Governance Statement and forward plan relating to the audit and risk management;
- 4.3.6 where the committee is not satisfied with any aspect of the proposed financial reporting by the foundation trust, it shall report its views to the board.

Internal Controls and Risk Management

- 4.4 Review the effectiveness of the Group's internal controls, board assurance framework, integrated governance and risk management systems;
- 4.5 Review NEAS's risk management policy, risk appetite and tolerance thresholds and recommend to the Board for approval.
- 4.6 Review the adequacy of all risk and control related disclosure statements (in particular the AGS), together with any reports from internal or external audit or other appropriate independent assurances, before making recommendations to the Board of Directors.
- 4.7 Review and approve the statements to be included in the annual report concerning internal controls and risk management especially whether the assessment of the foundation trust's principal risks is robust.
- 4.8 Review the underlying assurance processes that indicate the degree of the achievement of corporate objectives, the effectiveness of the management of principal risks and the appropriateness of the above disclosure statements.
- 4.9 Review strategic and operational risks relevant to the remit of the Committee as per the reporting criteria outlined in the risk management policy.

Internal Audit

- 4.10 Review and monitor the quality and effectiveness of the internal audit function in the context of the trust's overall risk management system as identified in the board assurance framework.
- 4.11 Consider and approve the remit of the internal audit function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards. The committee shall also ensure the function has adequate standing and is free from management or other restrictions.
- 4.12 Review and approve the internal audit charter annually.
- 4.13 Review and approve the internal audit plan.

- 4.14 Monitor the internal audit function's performance relative to audit plan in respect of:
 - 4.14.1 Adequate resourcing;
 - 4.14.2 Its co-ordination with external audit;
 - 4.14.3 Meeting relevant internal audit standards;
 - 4.14.4 Providing adequate independence assurances;
 - 4.14.5 Having appropriate standing within the Trust; and
 - 4.14.6 Meeting the internal audit needs of the Trust.
- 4.15 To consider the major findings of internal audit investigations and management's response and their implications and monitor progress on the implementation of recommendations.
- 4.16 Consider the provision of the internal audit service and the cost of the service as part of the NHS internal audit consortium of which NEAS is a member.
- 4.17 Conduct an annual review of the internal audit function.
- 4.18 Ensure the internal auditor has direct access to the Board Chair and to the Committee Chair, and is accountable to the committee.
- 4.19 Receive a report on the results of the internal auditor's work on a periodic basis.
- 4.20 Meet the head of internal audit at least once a year, without management being present, to discuss their remit and any issues arising from the internal audits carried out.

External Audit

- 4.21 Approve the terms of engagement for the external auditor, including any engagement letter issued at the start of each audit and the scope of the audit, as agreed between the Council of Governors and the Committee.
- 4.22 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.
- 4.23 Meet with the external auditor at least once a year, without management being present to discuss their remit and any issues arising from the audit.
- 4.24 Review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement.
- 4.25 Review the findings of the audit with the external auditor including but not limited to:
 - 4.25.1 a discussion of any major issues, including their local evaluation of audit risks, which arose during the audit
 - 4.25.2 any accounting and audit judgements, and levels of errors identified during the audit
 - 4.25.3 reviewing any representation letter(s) requested by the external auditor before they are signed by management
 - 4.25.4 reviewing the management letter and management's response to the auditor's findings and recommendations.

- 4.26 Assess the external auditor's work and fees each year and based on this assessment, make the recommendation 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. 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.
- 4.27 Assess annually their qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures. The review of effectiveness will take into account relevant professional and regulatory requirements.
- 4.28 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.
- 4.29 Monitor the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the foundation trust compared to the overall fee income of the firm, office and partner and other related requirements.
- 4.30 Seek assurance over the Trust's compliance with the policy on the engagement of the external auditor to supply non-audit services.

Assurance

- 4.31 Review the findings of other significant assurance functions, both internal and external, and make recommendations to the board on matters affecting the governance of the Trust.
- 4.32 Review the work of other committees within the organisation, whose work can provide relevant assurance to the audit committee's own scope of work and in relation to matters of quality affecting the board assurance framework.

Compliance and Fraud

- 4.33 Oversee management's arrangements for the prevention and deterrence of fraud, ensuring that appropriate action is taken against known perpetrators of fraud.
- 4.34 Review the trust's systems and controls for the prevention of bribery and receive reports on non-compliance.
- 4.35 Review regular reports on compliance and monitor the adequacy and effectiveness of the Trust's policies for ensuring compliance with relevant regulatory, legal and code of conduct requirements

Annual Report

	<p>4.36 Review the content of the annual report and accounts and advise the board on whether it is fair, balanced and understandable and provides the information necessary for members to assess the foundation trust's performance, business model and strategy.</p>
<p>5. AUTHORITY</p>	<p>The Audit and Risk Committee shall have the authority to:</p> <p>5.1 Act as the group Audit Committee for North East Ambulance Service NHS Foundation Trust and its wholly-owned subsidiary North East Ambulance Service Unified Solutions (NEASUS). Any reference to Trust / Foundation Trust within these terms of reference refers to the Trust and NEASUS;</p> <p>5.2 Obtain independent legal or other professional advice as it considers necessary in accordance with these Terms of Reference;</p> <p>5.3 Investigate any activity within its Terms of Reference and all Trust employees are directed to co-operate with any request made by the Committee;</p> <p>5.4 Review and recommend for approval the audited financial statements for NEAS and any subsidiaries;</p> <p>5.5 Review and recommend for approval the Trust Annual Report;</p> <p>5.6 Review risks within its remit and escalate where necessary;</p> <p>5.7 Obtain information they require from within NEAS or externally;</p> <p>5.8 Invite other individuals with relevant skills, experience or expertise to attend meetings as necessary;</p> <p>5.9 Establish sub-committees or working groups which will report to the Audit and Risk Committee;</p> <p>5.10 Other authorities as may from time to time be delegated to it by the Board of Directors.</p>
<p>6. REPORTING</p>	<p>The Audit and Risk Committee will report to the Board of Directors on its proceedings after each meeting on all matters within its responsibilities.</p>
<p>7. SUB-COMMITTEES</p>	<p>N/A</p>
<p>8. CHAIR</p>	<p>Raman Sanghera, Non-Executive Director</p>
<p>9. MEMBERSHIP</p>	<p>In addition to the Chair, the Committee shall include:</p> <p>9.1 Non-Executive Director</p> <p>9.2 Non-Executive Director</p> <p>The Audit and Risk Committee will review the membership of the Committee annually to ensure that it best reflects the requirements of governance within the Trust.</p>
<p>10. IN ATTENDANCE</p>	<p>The following individuals shall be in attendance:</p> <p>10.1 Group Director of Finance and Contracting</p> <p>10.2 Director of Quality, Patient Safety, Innovation and Improvement</p> <p>10.3 Associate Director of Financial Services</p> <p>10.4 Trust Secretary</p> <p>10.5 Head of Risk and Regulatory</p> <p>10.6 Internal Audit representatives</p>

	<p>10.7 External Audit representatives</p> <p>10.8 Local Counter Fraud Specialist</p>
11. SECRETARY	The Trust Secretary or their nominee shall act as the Secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.
12. QUORUM AND ATTENDANCE	<p>12.1 A quorum shall be two Non-Executive Directors.</p> <p>12.2 Members and regular attendees are expected to attend 75% of meetings.</p> <p>12.3 Delegates are not permitted.</p>
13. VOTING	<p>13.1 Decisions of the Committee shall be reached by consensus;</p> <p>13.2 Any action required or permitted to be taken by the Committee may be taken without a meeting if (i)</p> <p style="padding-left: 40px;">13.2.1 the Chairperson calls for such action to be taken by written consent, which includes email and;</p> <p style="padding-left: 40px;">13.2.2 the written consents are filed with the records of the meetings of the Committee;</p>
14. MEETING ARRANGEMENTS	<p>The following arrangements shall be observed for meetings of the Committee:</p> <p>14.1 Meetings shall be held at least four times per year.</p> <p>14.2 Written notice of the date, time and place of the meeting shall be provided to each member at least five working days in advance.</p> <p>14.3 Each meeting shall include an agenda and matters not specified on the agenda may be taken up at the meeting at the discretion of the Chair.</p> <p>14.4 The agenda together with the relevant reports and documents will be forwarded to members at least five working days in advance to enable preparation prior to meetings.</p> <p>14.5 The Secretary shall keep minutes of all meetings which will include the following:</p> <ul style="list-style-type: none"> • Persons in attendance • Date and duration of meeting • Expressions of conflicts of interest • Identification of topics discussed • Recommendations made • Actions taken • Record of voting <p>14.6 Minutes of the meeting shall be reviewed by the Chair and submitted to members for approval at the next meeting, or where urgency exists, by email vote. Once approved, minutes shall be circulated to all members for their records and retained by the Secretary within the meeting records.</p>
15. CONFIDENTIALITY	Members are encouraged to communicate key decisions and issues for the purpose of delivery of the objectives of the Audit and Risk Committee

	however members are expected to hold confidential deliberations in the strictest of confidence, and when in doubt should consult with the Chair.
16. CONFLICT OF INTEREST	The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. Where it is deemed by the Chairperson that a conflict exists, the member will be excused from deliberations and must abstain from voting on any resolution in which he/she and/or his/her associates have a material interest.
17. TERMS OF REFERENCE	The Audit and Risk Committee shall review its Terms of Reference at least annually to ensure it is operating at optimum effectiveness and recommend any changes it considers necessary to the Board of Directors for approval.
18. NEAS VALUES	Members have a collective and individual responsibility to conduct themselves in a manner which reflects the NEAS values of Compassion, Accountability and Responsibility, Respect and Excellence and Innovation.
19. REVIEW OF PERFORMANCE	The Audit and Risk Committee shall review its performance annually.