

UHSM Audit Committee Terms of Reference

1. Composition of the Committee and Attendees

1.1 The Audit Committee will be established by the Trust Board and will consist of not less than three independent Non-Executive Directors (one of whom will act as Chairperson). The Chairperson shall be appointed by the Trust Board. Membership of the Committee shall be disclosed in the Annual Report

1.2 The Trust Board Chairman is not eligible for Membership but has the right to attend. The Chief Executive and other Executive Directors are not eligible for membership although they may attend meetings as the Chairperson of the Committee may decide. The Director of Finance and Trust Secretary will normally attend.

1.3 The Internal Auditor And the External Auditor will normally attend.

1.4 In the absence of the designated Chairperson another Member of the Committee may temporarily fill the position until the Trust Board appoints a replacement

2. Meetings of the Committee

2.1 The Audit Committee will meet as required, normally quarterly, with at least three Meetings held in each financial year, at a place and time determined by the Committee. The Chairperson may at any time convene additional meetings of the Committee to consider business which may require urgent attention.

2.2 Two members of the Committee shall constitute a quorum.

2.3 Minutes will be taken of the proceedings of the Audit Committee. These Minutes, once approved, will be distributed, for information, to the Trust Board.

2.4 The Committee will meet in private with the External Auditors and the Internal Auditors at least annually. The Head of Internal Audit and the External Auditor shall have access to the Chairperson at any time

3. Authority

3.1 The Committee is authorised by the Trust Board, within these Terms of Reference, to investigate any activity in the Trust. It is authorised to seek and obtain any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

3.2 The Committee is authorised by the Trust Board to obtain external legal or other independent professional advice and to secure the assistance of people from outside the Trust or the NHS, with relevant expertise, if it is considered necessary.

4. Duties of the Committee

The duties of the Committee are to:

4.1 Internal Control and Corporate Governance

- Review (in conjunction with the Chief Executive) and report to the Board the result of Declarations of Independence made by Non-Executive Directors
- Review the Trust's systems of internal control including arrangements for assessing and managing risk and preventing fraud
- Evaluate the Trust's decision making processes
- Receive assurance reports from Executive Directors, Chairs of other Board Committees and Internal and External Audit
- Liaise and have cross-membership with the Trust's Clinical Governance Assurance Committee to ensure that there is an appropriate self assessment process of the Trust's level of compliance with the Health Care Commission's "Standards for Better Health"
- On the basis of all of the information available to it provide an opinion to the Trust Board as to whether or not it can endorse the proposed annual Statement of Internal Control signed by the Chief Executive.

4.2 Internal Audit

- Review the Internal Audit Strategy and Plan;
- Consider Audit Reports produced by the Internal Auditor, along with regular Progress Reports;
- Review the action taken by the Chief Executive and the Director of Finance (as appropriate) on the Audit Recommendations arising from each Audit Report
- Review the Annual Report of the Internal Auditor, and
- Review the operational effectiveness of the Internal Audit Service.

4.3 External Audit

- Review the External Audit Strategy and Plan
- Review External Audit Management Letters and the Interim and Final Reports to Trust Board Members;
- Discuss any issues with the External Auditors, and
- Ensure co-ordination between Internal and External Audit
- Develop and implement a policy on the engagement of the external auditor to supply non audit services and liaise, if necessary with the Council of Governors about these matters
- Carry out a market testing exercise for the appointment of an external auditor every five years
- Advise the Council of Governors with regard to removal or appointment of auditors

4.4 Trust Board Standing Orders (SOs) and Standing Financial Instructions (SFIs)

- Review changes or revisions to the SOs and SFIs
- Examine the circumstances if the SOs are waived, and
- Review Schemes of Delegation

4.5 Financial Statements

- Monitor the integrity of any formal announcements made by the Trust in relation to its financial performance
- Review the Trust's Annual Financial Statements and Accounts before submission to the Board for approval
- Review the Trust's Charity Accounts before submission to the Trustees for approval

5. Duties of the Chairperson

The duties of the chairperson of the Audit Committee shall be to:

- Keep the Trust Board informed regularly of any material matters which have come to the Committee's attention
- Ensure that minutes of the Committee are an accurate reflection of discussion
- Provide, annually, on behalf of the Committee an opinion letter about the proposed Statement of Internal Control by the Chief Executive.
- Attend or designate another member of the Committee to attend public meetings of the Trust and/or meetings of the Council of Governors, as appropriate, to answer any questions related to the work of the Committee
- Submit an annual report on the work of the Committee to the Trust Board