

Audit and Risk Assurance Committee

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Audit and Risk Assurance Committee

TERMS OF REFERENCE

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1. CONSTITUTION

- 1.1 The Trust Board (The Board) hereby resolves to establish a Committee of the Board to be known as the Audit and Risk Assurance Committee (The Committee).
- 1.2 The Committee is a non-executive Committee of the Board and has no executive powers, other than those specifically delegated in these Terms of Reference or as may be delegated by the Board on an ad hoc basis.
- 1.3 All procedural matters in respect of the conduct of the meetings of the Committee shall be in accordance with the Trust's Standing Orders.
- 1.4 The Committee will regularly review and reflect on best practice and adopt new learning as part of a commitment to continuous improvement.

2. MEMBERSHIP OF THE COMMITTEE

- 2.1 Trust Non-Executive Directors that are to be included as members of this Committee will be nominated by the Trust Board Chair and the Committee shall consist of not less than three members.
- 2.2 One of the members of the Committee will be appointed Chair of the Committee by the Chair of the Trust Board.
- 2.3 The Chair of the Trust Board shall not be a member of the Committee.
- 2.4 None of these members should be members of the Remuneration Committee.
- 2.5 One member of the Committee shall be the Chair of the Safety, Quality, Patient Experience and Performance Committee.
- 2.6 In the absence of the Committee Chair, another Non-Executive Member may be temporarily appointed to that role by agreement of the Non-Executive Directors.
- 2.7 One member of the Committee must have significant, recent and relevant financial experience.

2.8 A quorum shall be two non-Executive members including the Committee Chair.

3. ATTENDANCE

3.1 The Director of Finance, Director of Planning, Performance and Corporate Services and appropriate Internal and External Audit representatives shall normally attend meetings. However, at least once a year, the Committee should meet privately with the External and Internal Auditors.

3.2 The Chief Executive, Executive Directors and other Officers of the Trust may be invited to attend, particularly when the Committee is discussing areas of risk or operation that are the responsibility of that Director or Officer. The Trust Board Chair may attend by invitation as an observer.

3.3 The Chief Executive should be invited to attend at least twice annually, to discuss with the Committee the process for assurance that supports the Mid-Year Assurance Statement and the Governance Statement.

3.4 A representative from the Sponsor Department (Department of Health) will be invited and may attend meetings of the Committee as an observer.

3.5 The Board Secretary shall attend to take minutes of the meeting and provide appropriate support to the Chair and Committee members.

1. FREQUENCY OF MEETINGS

4.1 Meetings shall be held not less than three times a year and, where necessary, can be conducted remotely using such as teleconference/video conferencing.

4.2 The Chair of the Committee may convene additional meetings as is deemed necessary.

4.3 The External Auditor or Head of Internal Audit may request a meeting if they consider that one is necessary.

5. AUTHORITY

- 5.1 The Audit and Risk Assurance Committee's primary role is to independently contribute to the Board's overall process for ensuring that an effective internal financial control system is maintained.
- 5.2 The Board will always retain responsibility for such control and will act after taking account of the recommendations and assurances of the Committee. The Committee, therefore, does not have the executive authority of the Board, but does have sufficient membership, authority and resources to perform its role independently and effectively.
- 5.3 The Committee is authorised by the Board 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 cooperate with any request made by the Committee.
- 5.4 The Committee is authorised by the Board to obtain external legal, clinical or other independent professional advice and to secure the attendance of individuals with relevant experience and expertise if it considers this necessary.

6. DUTIES

The duties of the Committee can be categorised as follows:

Governance, Risk Management and Internal Control

- 6.1 The Committee shall contribute to the establishment, review and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the organisation's activities (both clinical and non-clinical) that supports the achievement of the organisation's objectives.
- 6.2 In particular the Committee will review:
 - The adequacy of all risk and control related disclosure statements (in particular the Mid-Year Assurance Statement and the Governance Statement), together with any accompanying Head of Internal Audit statement, external audit opinion or other appropriate independent assurances, prior to endorsement by the Board;
 - The adequacy of 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;

- The adequacy of the policies for ensuring compliance with relevant regularity, legal and code of conduct requirements, including the Trust's Standing Orders and Standing Financial Instructions;
- The adequacy of the policies and procedures for all work related to fraud and corruption as required by the Department of Health (DoH) and the Business Services Organisation's (BSO) Counter Fraud and Probity Service (CFPS);
- The annual schedule of losses and compensation payments;
- The register of Direct Award Contracts;
- Health and Safety;
- Information Governance, Performance and Compliance – UK GDPR;
- NIAS ICT Performance and Cyber Security;
- Procurement and Logistics including NIAS Stores operation.

6.3 In carrying out its work, the Committee will primarily utilise the work of Internal Audit, External Audit, and other assurance functions where appropriate, but will not be limited to these functions.

6.4 The Committee will also seek reports and assurances from other Trust Committees through their respective Chairs, Directors and managers as appropriate, concentrating on the overarching systems of integrated governance, risk management and internal control, together with indicators of their effectiveness.

6.5 This will be evidenced through the Committee's use of an effective Assurance Framework to guide its work and that of the audit and assurance functions that report to it.

Internal Audit

6.6 The Committee shall seek to ensure that there is an effective internal audit function established by management that meets the Public Sector Internal Audit Standards and provides appropriate independent assurance to the Audit and Risk Assurance Committee, Chief Executive and Board. This will be achieved by:

- Consideration of the provision of the Internal Audit service, the cost of the audit and any questions of resignation and dismissal;
- Review and approval of the Internal Audit strategy, operational plan and more detailed programme of work, ensuring that this is consistent with the audit needs of the organisation as identified in the Assurance Framework;

- Consideration of the Head of Internal Audit's annual report, major findings of internal audit work (and management's response), and ensure co-ordination between the Internal and External Auditors to optimise audit resources;
- Ensuring that the Internal Audit function is adequately resourced and has appropriate standing within the organisation;
- Annual review of the effectiveness of internal audit.

External Audit

6.7 The Committee shall review the work and findings of the External Auditor appointed by the Northern Ireland Audit Office and consider the implications of, and management's responses to, their work. This will be achieved by:

- Consideration of the performance of the External Auditor;
- Discussion and agreement with the External Auditor, before the audit commences, of the nature and scope of the audit as set out in the Annual Audit Strategy;
- Discussion with the External Auditors of their local evaluation of audit risks and assessment of the Trust;
- Review of all External Audit reports, including consideration of the annual Report to Those Charged with Governance before submission to the Board and any work carried out outside the Annual Audit Strategy, together with the appropriateness of management responses.

Other Assurance Functions

6.8 The Committee shall review the findings of other significant assurance functions, both internal and external to the organisation, and consider the implications for the governance of the organisation.

6.9 These may include, but will not be limited to, any reports issued by the Comptroller and Auditor General or Public Accounts Committee, reviews by DoH commissioned bodies, the Regulation and Quality Improvement Authority (RQIA) or professional and regulatory bodies with responsibility for the performance of staff or functions (e.g. Joint Royal Colleges Ambulance Liaison Committee (JRCALC), Health Care Professions Council (HCPC), Royal Colleges, accreditation bodies, etc.).

Financial Reporting

- 6.10 The Committee shall review the Trust's Annual Report and Accounts as well as the Charitable Trust Funds Annual Report and Accounts before submission to the Board, focusing particularly on:
- The wording in the Governance Statement and other disclosures relevant to the Terms of Reference of the Committee;
 - Changes in, and compliance with, accounting policies and practices
 - Unadjusted mis-statements in the financial statements;
 - Major judgemental areas;
 - Significant adjustments resulting from the audit;
 - The Committee should also ensure that the systems for financial reporting to the Board, including those of budgetary control, are subject to review as to the completeness and accuracy of the information provided to the Board.
 - Banking and Treasury Management including Charitable Trust Funds

Value for Money

- 6.11 The Committee shall oversee the adequacy of the Trust's arrangements for ensuring that Value for Money (VFM) is obtained in the expenditure of all public funds entrusted to its care. This will include a review of the findings from, and management's response to, all value for money audit reports issued to the Trust as part of the regional VFM programme sponsored by DoH.
- 6.12 Consider and approve relevant policies.

7. REPORTING

- 7.1 The minutes of Committee meetings shall be formally recorded and submitted to the Board following approval by the Committee. After each meeting, the Chair of the Committee shall make a written report to the next Trust Board meeting. At any point, the Chair shall draw to the attention of the Board any issues that require disclosure to the full Board or require executive action.
- 7.2 The Committee will report to the Board annually on its work in support of the Governance Statement, specifically commenting on

the fitness for purpose of the Assurance Framework, the completeness and embeddedness of risk management in the organisation, the integration of governance arrangements and the appropriateness of the self-assessment against quality and assurance standards.

- 7.3 The Chair shall liaise with the Chairs of other Committees on any issues or matter which may be relevant to their areas of responsibility.

8. REVIEW

- 8.1 The Terms of Reference should be reviewed annually.

9. OTHER MATTERS

- 9.1 The Agenda will be sent to members at least five working days before the meeting and supporting papers, wherever possible, shall accompany the agenda, but will be dispatched no later than three working days before the meeting, save in an emergency.
- 9.2 An explanatory cover note will be provided for each agenda item.

