



Report Cover Sheet

Report to:	Trust Board	
Date of the Meeting:	24 July 2019	
Agenda Item:	P1/156/19	
Title:	Audit Committee -Terms of Reference	
Report prepared by:	Angela Wendzicha, Associate Director of Corporate Governance	
Executive Lead:	Liz Bishop, Chief Executive	
Status of the Report:	Public	Private
	X	

Paper previously considered by:	Audit Committee
Date & Decision:	17 July 2019 – approved subject to the amendments listed below

Purpose of the Paper/Key Points for Discussion:	<p>As part of the Governance review, the Terms of Reference (ToRs) for all Board Committee and Sub-Committee meetings have been, or are in process of, being reviewed and amended.</p> <p>Following consultation, the amendments made to the draft Terms of Reference relating to the Audit Committee comprise:</p> <ol style="list-style-type: none"> 1. Section 8.7 – The Audit Committee will review and monitor the non audit related services provided by Internal and External Audit 2. Section 10.4 – amended to reflect updated individuals who are in attendance at the Audit Committee
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Action Required:	Discuss	
	Approve	X
	For Information/Noting	

Next steps required	Following approval the Terms of Reference will be referred to in planning the Agenda for the Audit Committee.
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The paper links to the following strategic priorities (please tick)

Deliver outstanding care locally		Collaborative system leadership to deliver better patient care	
Retain and develop outstanding staff		Be enterprising	
Invest in research & innovation to deliver excellent patient care in the future		Maintain excellent quality, operational and financial performance	x

The paper relates to the following Board Assurance Framework (BAF) Risks

BAF Risk	Please Tick
1. If we do not optimise quality outcomes we will not be able to provide outstanding care	
2. If we do not prioritise the costs of the delivering the Transforming Cancer Care Programme we will not be able to maintain our long-term financial strength and make appropriate strategic investments.	
3. If we do not have the right infrastructure (estate, communication & engagement, information and technology) we will be unable to deliver care close to home.	
4. If we do not have the right innovative workforce solutions including education and development, we will not have the right skills, in the right place, at the right time to deliver the outstanding care.	
5. If we do not have an organisational culture that promotes positive staff engagement and excellent health and well-being we will not be able to retain and attract the right workforce.	
6. If we fail to implement and optimise digital technology we will not deliver optimal patient outcomes and operational effectiveness.	
7. If we fail to position the organisation as a credible research partner we will limit patient access to clinical trials and affect our reputation as a specialist centre delivering excellent patient care in the future.	
8. If we do not retain system-side leadership, for example, SRO for Cancer Alliance and influence the National Cancer Policy, we will not have the right influence on the strategic direction to deliver outstanding cancer services for the population of Cheshire & Merseyside.	
9. If we do not support and invest in entrepreneurial ideas and adapt to changes in national priorities and market conditions we will stifle innovative cancer services for the future.	
10. If we do not continually support, lead and prioritise improved quality, operational and financial performance, we will not provide safe, efficient and effective cancer services.	X

Equality & Diversity Impact Assessment

Equality & Diversity Impact Assessment		
Are there concerns that the policy/service could have an adverse impact on:	YES	NO
Age		X
Disability		X
Gender		X
Race		X
Sexual Orientation		X
Gender Reassignment		X
Religion/Belief		X
Pregnancy and Maternity		X

If YES to one or more of the above please add further detail and identify if a full impact assessment is required.

Audit Committee Terms of Reference

Name and designation of policy author(s)	<i>Angela Wendzicha Associate Director Corporate Governance</i>
Approved by (committee, group, manager)	<i>Audit Committee</i>
Approving signature	<i>To be completed by DCM</i>
Date approved	<i>To be completed by DCM</i>
Review date	<i>February 2020</i>
Review type (annual, three yearly)	<i>Annual</i>
Target audience	<i>Audit Committee, Quality Committee, Performance Committee and Trust Board</i>
Links to other strategies, policies, procedures	<i>To be completed by author</i>
Protective Marking Classification	<i>To be completed by author</i>
This document replaces	

Circulation/Dissemination:

Date added into Q-Pulse	<i>For completion by DCM</i>
Date notice posted in the Team Brief	<i>For completion by DCM</i>
Date document posted on the intranet	<i>For completion by DCM</i>

Date	Version	Author name and designation	Summary of main changes
February 2019	V.2	Angela Wendzicha Associate Director Corporate Governance	Full review of the current Terms of Reference

Title:

Terms of Reference – Audit Committee

Authority:

- 1.1 The Audit Committee is constituted as a standing committee of Clatterbridge Cancer Centre Trust's Board of Directors ("the Board")
- 1.2 The Audit Committee is authorised by the Board to act and 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.
- 1.3 The Audit Committee is authorised by the Board to obtain such internal information as is necessary and expedient in the fulfillment of its functions
- 1.4 The Audit Committee is authorised by the Board to instruct legal or other independent professional advice and request the attendance of individuals and authorities from outside of the Trust with relevant experience and expertise if it considers it necessary or expedient to exercise its functions.

Specific Work Areas:

The Audit Committee has specific responsibility for monitoring and reviewing financial risk and associated controls, corporate governance and financial assurance.

2. Integrated Governance, Risk Management and Internal Control

2.1 On behalf of the Board, the Audit Committee will review the adequacy of the establishment 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.

2.1.1 Maintain an oversight of the Trust's general risk management structures, processes and responsibilities, including the production of any risk and control related disclosure statements (in particular the Annual Governance

Statement) and making recommendations to the Board for approval, where appropriate.

2.1.2 Monitor and review the Board Assurance Framework and ensure its presentation at the Board at intervals that the Board determines.

2.1.3 To review the adequacy of the Trust's arrangements by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and control, clinical quality, patient safety or any other matters of concern. The Audit Committee will receive its assurance that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow up through the inclusion of the Senior Independent Director on the membership of the Audit Committee.

2.1.4 To oversee a system that reviews the adequacy of policies and procedures for ensuring compliance with relevant regulatory, legal and code of conduct requirements. This will involve the Audit Committee itself considering for approval on behalf of the Board specified corporate policies and procedures that, under the Trust's Standing Orders, require Board approval and fall within the scope of the Audit Committee's Terms of Reference. In addition, receive assurance from the Quality Committee around the implementation of a robust process for the review and approval of policies.

2.1.5 To review the adequacy and effectiveness of the policies and procedures for all work related to counter fraud and security

2.1.6 In carrying out this work the Audit Committee will primarily utilize, but not be limited to, the work of Internal Audit, External Audit and other assurance functions. The Audit Committee will also seek reports and assurances from Directors and Managers as appropriate, concentrating on the over-arching systems of integrated governance, risk management and internal control, together with indicators of their effectiveness

3. Internal Audit

3.1 Internal audit primarily provides an independent and

objective opinion to the Accountable Officer, Board and the Audit Committee on the degree to which risk management, control and governance support the achievement of the Trust's objectives.

3.1.1 The Audit Committee will ensure that there is an effective internal audit function established by management

3.1.2 The Audit Committee will review and approve the Internal Audit Plan, 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.

3.1.3 Consider the major findings of Internal Audit investigations and the associated management response, their implications and monitor progress on the implementation of recommendations.

3.1.4 Receive and review the annual report of the Internal Auditor and agree action in response to this, receive the Internal Audit statement on the effectiveness of internal control.

3.1.5 Review the provision of internal audit services and its reporting systems on an annual basis.

3.1.6 Discuss any problems and reservations arising from the work of Internal Audit and any other matters that the Head of Internal Audit wishes to discuss (in the absence of executive directors and other management where necessary).

3.1.7 In the event of a change in provider of Internal Audit, the Audit Committee will oversee the process of selection.

3.1.8 Internal audit will have right of direct access to the Chair of the Audit Committee.

4. External Audit

4.1 The Audit Committee will make a recommendation to the Council of Governors in respect of the appointment, re-appointment and removal of the external auditor.

4.1.1 To discuss with the external auditor, before any audit commences, the nature and scope of the audit and ensure co-ordination, as necessary, with other external auditors in the local health economy. This should include discussion

regarding the local evaluation of audit risks and assessment of the Trust and impact on the audit fee.

4.1.2 To oversee the re-appointment or conduct of a market testing exercise for the appointment of an auditor at least once every 5 years, and based on the outcome, make a recommendation to the Council of Governors with respect to the appointment of the auditor.

4.1.3 Satisfy itself that there are no relationships between the auditor and the Trust (other than in the course of business) which could adversely affect the auditor's independence and objectivity.

4.1.4 Approve the terms of engagement, including any engagement letter issued.

4.1.5 Review the external audit reports, including the annual audit letter before submission to the Board and any work carried out outside the annual audit plan, together with the appropriateness of the management response, and monitor progress on the implementation of recommendations.

4.1.6 External audit will have right of direct access to the Chair of the Audit Committee.

5. Annual Accounts Review/Financial Reporting

5.1 To monitor the integrity of the financial statements of the Trust and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgments they contain.

5.1.1 Review summary financial statements, significant financial returns to regulators and any financial information contained in other official documents, including the statement on internal control.

5.1.2 Review the Annual Statutory Accounts prior to presentation to the Board to determine their completeness, objectivity, integrity and accuracy. The aforementioned review will include, but not be 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;

- Any adjusted and unadjusted audit differences;
- Any reservations and disagreements between the external auditors and management which have not been satisfactorily resolved.

5.1.3 Review the Annual Report and Annual Governance Statement to determine completeness, objectivity, integrity and accuracy prior to submission to the Board.

5.1.4 Ensure that all accounting and reporting systems for financial reporting to the Performance Committee and Board, including in respect of budgetary control, are subject to review as to the completeness and accuracy of the information provided.

6 Standing Orders, Standing Financial Instructions and Standards of Business Conduct

6.1 Review, on behalf of the Board, 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.

6.1.1 Receive details of waivers to Standing Orders as approved by the Chief Executive or Director of Finance.

6.1.2 Approve authorization levels for the issue of credit notes and write off debts.

6.1.3 Review the schedules of losses and compensations and make recommendations to the Board as to the appropriate write offs.

6.1.4 Ensure that any other matters specifically delegated to it via the Trust's Standing Orders and Standing Financial Instructions are complied with as appropriate.

6.1.5 Review the Scheme of Delegation.

7. Cyber Security

7.1 The Audit Committee will provide assurance to the Board that the Trust is properly managing its cyber risk including any appropriate risk mitigation strategies.

7.1.1 Receive reports that controls are in place for, protect from, and respond to cyber-attacks including management of the consequences of a cyber-security incident.

8. Other Audit Related Issues

8.1 The Audit Committee will satisfy itself that there are adequate processes in place for dealing with the findings of other significant assurance functions, both internal and external to the Trust. This will include the outcomes of significant reviews carried out by other bodies which include but are not limited to regulators and inspectors within the health (and social care) sector in addition to professional bodies with responsibilities that relate to staff performance and functions.

8.2 Review relevant assurances from other Board Committees, working groups and senior managers within the Trust to provide assurance relevant to the Committee's own scope of work. This will include the Quality Committee and issues around clinical risk, the Audit Committee wishing to satisfy itself on the assurance that can be gained from the clinical audit function and outcome measures from any Trust clinical benchmarking systems.

8.3 Review the tendering processes employed by the Trust to ensure they are appropriate and review the results of tendering exercises for banking services as carried out every 5 years.

8.4 Receive reports on any professional charges over £50,000 incurred by the Trust or any charges incurred with the internal auditor or external auditor outside their normal audit contracts.

8.5 The Audit Committee will satisfy itself that the Trust has adequate arrangements in place for counter fraud and security and will review the outcomes of work in these areas.

8.6 The Audit Committee will meet privately with the external and internal auditors and at least once a year without management being present.

8.7 The Audit Committee will review and monitor the non audit related services provided by the External and Internal Audit.

**Reporting
Arrangements:**

9.1 The minutes of all meetings of the Audit Committee will be formally recorded by a member of the Corporate Governance Department or their nominee;

9.2 The Audit Committee will report to the Board following each meeting and the Chair of the Audit Committee will bring to the attention of the Board details of any matters in respect of which actions or improvements are required. This will include details of any evidence of potentially ultra vires, unlawful or improper transactions, acts, omissions or practices or any other important matters.

9.3 The Audit Committee will report annually to the Board in respect of the fulfillment of its function within these Terms of Reference. Such a report will include but not be limited to functions undertaken in connection with the Annual Governance Statement, specifically commenting on the fitness for purpose of the Board Assurance Framework; the effectiveness of risk management within the Trust and any other pertinent matters in respect of which the Audit Committee has been engaged.

9.4 The Audit Committee will report to the Council of Governors on any matters which it considers that action or improvement is required and making recommendations as to the steps to be taken.

Membership:

10.1 The Audit Committee will be appointed by the Board and will be composed of not less than three Non-Executive Directors, at least one of whom will have recent and relevant financial experience in addition to independent external members comprising internal and external audit.

10.2 The Board will appoint one of the members Chair of the Audit Committee.

10.3 The Chair of the Trust shall not be a member of the Audit Committee but may be invited to attend from time to time and as a minimum will be invited to attend where the financial accounts are presented for consideration prior to approval by the Board.

Attendance

10.4 The following shall be in attendance at the Audit Committee:

- Director of Finance
- Director of Nursing and Quality
- Associate Director of Corporate Governance
- Representatives from Internal Audit

- Representatives from External Audits
- Representatives from Counter Fraud

10.5 The Chief Executive may be invited to attend the Audit Committee, at least annually to discuss with the Audit Committee the process for assurance that supports the Annual Governance Statement.

10.6 Members will be expected to attend 75% of meetings.

10.7 In exceptional circumstances, meetings by conference call are acceptable with the approval of the Audit Committee Chair

10.8 The Chair of the Audit Committee may request the attendance of any member of staff or persons so as to assist in discussions.

Quorate:

The Audit Committee will be deemed to be quorate when two of the three Non-Executive Directors (as detailed in paragraph 9.1 above) are in attendance.

Notice of Meetings:

- 1.1 The Associate Director of Corporate Governance will:
- 1.2 Agree the agenda items with the Chair of the Audit Committee and the Director of Finance
- 1.3 Provide the agreed agenda and supporting papers to all members and attendees no later than 5 working days before the date of the meeting
- 1.4 Extraordinary meetings can be arranged at short notice subject to approval by the members of the Audit Committee

Standard Items

Standard Agenda items will fall under the headings:

- Internal Audit
- External Audit
- Risk Management and Assurance
- Regular Items for Review
- Delegations from the Board

Frequency:

The Audit Committee will meet for a minimum of four scheduled meetings a year.

