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Audit and Corporate Governance Committee Terms of Reference and Operating Arrangements

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1. Introduction

In line with Section B, 3 and 6 of the Standing Orders, the Board shall nominate annually a committee that covers Audit. This remit of this Committee will be extended to include Corporate Governance and will be known as the **Audit and Corporate Governance Committee**.

The detailed terms of reference and operating arrangements set by the Board in respect of this Committee are detailed below.

These terms of reference and operating arrangements are to be read alongside the standard terms of reference and operating arrangements applicable to all committees.

2. Purpose

The purpose of the Audit and Corporate Governance Committee ("the Committee") is to:

- **Advise** and **assure** the Board and the Chief Executive (who is the Accountable Officer) on whether effective arrangements are in place - through the design and operation of the Trust's assurance framework - to support them in their decision taking and in discharging their accountabilities for securing the achievement of the Trust's objectives, in accordance with the standards of good governance determined for the NHS in Wales
- Where appropriate, the Committee will **advise** the Board and the Chief Executive on where, and how, its assurance framework may be strengthened and developed further

- **Approve** on behalf of the Board policies, procedures and other written control documents in accordance with the Scheme of Delegation

3. Delegated Powers

With regard to its role in providing advice to the Board, the Committee will comment specifically on the:

- adequacy of the Trust's strategic governance and assurance framework and processes for the maintenance of an effective system of good governance, risk management and internal control across the whole organisation's activities (both clinical and non-clinical), designed to support the public disclosure statements that flow from the assurance processes, including the Annual Governance Statement and the Annual Quality Statement, providing reasonable assurance on:
 - the organisations ability to achieve its objectives
 - compliance with relevant regulatory requirements, standards, quality and service delivery requirements and other directions and requirements set by the Welsh Government and others
 - reliability, integrity, safety and security of the information collected and used by the organisation
 - the efficiency, effectiveness and economic use of resources
 - the extent to which the organisation safeguards and protects all its assets, including its people.

To ensure the provision of high quality, safe healthcare for its citizens it will comment specifically on:

- Board's Standing Orders, and Standing Financial Instructions (including associated framework documents, as appropriate)
- accounting policies, the accounts, and the annual report of the organisation, including the process for review of the accounts prior to submission for audit, levels of error identified, the ISA 260 Report 'Communication with those charged with Governance' and managements' letter of representation to the external auditors
- Schedule of Losses and Special Payments

- planned activity and results of internal audit, external audit, clinical audit and the Local Counter Fraud Specialist (including strategies, annual work plans and annual reports)
- adequacy of executive and managements response to issues identified by audit, inspection and other assurance activity
- proposals for accessing Internal Audit services via Shared Service arrangements (where appropriate)
- proposals for the appointment of the external auditor made by the Auditor General for Wales
- anti-fraud policies, whistle-blowing (raising concerns) processes and arrangements for special investigations
- issues upon which the Board or the Chief Executive may seek advice

The Committee will support the Board with regard to its responsibilities for governance (including risk and control) by **reviewing** and **approving** as appropriate:

- all risk and control related disclosure statements, in particular the Annual Governance Statement and the Annual Quality 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 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 policies for ensuring compliance with relevant regulatory, legal and code of conduct and accountability requirements
- the policies and procedures for all work related to fraud and corruption as set out in National Assembly for Wales Directions and as required by the Counter Fraud and Security Management Service

In carrying out this work the Committee will primarily utilise the work of Internal Audit, External Audit and other assurance functions, but will not be limited to these audit functions. It will also seek reports and assurances from directors and managers as appropriate, concentrating on the overarching systems of good governance, risk management and internal control, together with indicators of their effectiveness.

This will be evidenced through the Committee's use of effective governance and assurance arrangements to guide its work and that of the audit and assurance functions that report to it, and enable the Committee to review and form an opinion on the:

- comprehensiveness of assurances in meeting the Board and the Chief Executives assurance needs across the whole of the Trusts' activities, both clinical and non-clinical;
- the reliability and integrity of these assurances

To achieve this, the Committee's programme of work will be designed to provide assurance that:

- there is an effective internal audit function that meets the standards set for the provision of internal audit in the NHS in Wales and provides appropriate independent assurance to the Board and the Chief Executive through the Committee
- there is an effective counter fraud service that meets the standards set for the provision of counter fraud in the NHS in Wales and provides appropriate assurance to the Board and the Chief Executive through the Committee
- there is an effective clinical audit* and quality improvement function that meets the standards set for the NHS in Wales and provides appropriate assurance to the Board and the Chief Executive through the Quality, Safety and Improvement Committee (or equivalent)

***Note:** The role of the Audit Committee with regard to clinical audit is to seek assurance on the overall annual clinical audit plan, its fitness for purpose and its delivery. The Quality, Safety and Improvement Committee will seek more detail on the clinical outcomes and improvements made as a result of clinical audit.

- there are effective arrangements in place to secure active, ongoing assurance from management with regard to their responsibilities and accountabilities, whether directly to the Board and the Chief Executive or through the work of the Board's committees
- the work carried out by key sources of external assurance, in particular, but not limited to the Trust's external auditors, is appropriately planned and co-ordinated and that the results of external assurance activity complements and informs (but does not replace) internal assurance activity
- the work carried out by the whole range of external review bodies is brought to the attention of the Board, and that the organisation is

aware of the need to comply with related standards and recommendations of these review bodies, and the risks of failing to comply

- systems for financial reporting to the Board, including those of budgetary control, are effective
- results of audit and assurance work specific to the Trust, and the implications of the findings of wider audit and assurance activity relevant to the Trust's operations are appropriately considered and acted upon to secure the ongoing development and improvement of the organisations governance arrangements
- NHS Wales Collaborative, hosted by Public Health Wales, is complying with the provisions of the Hosting Agreement

The Committee will review and agree the programme of work on an annual basis, and will recommend it to the Board for approval.

4. Access

The Head of Internal Audit and the Auditor General and his representatives shall have unrestricted and confidential access to the Chair of the Audit and Corporate Governance Committee at any time, and vice versa.

The Committee will meet with Internal and External Auditors and the nominated Local Counter Fraud Specialist without the presence of officials on at least one occasion each year.

The Chair of the Audit and Corporate Governance Committee shall have reasonable access to Executive Directors and other relevant senior staff.

5. Membership, Attendees and Quorum

5.1 Members

A minimum of three members, comprising:

Chair	Non-Executive Director
Members	Non-Executive Directors x 2

Note: At least one of the Non-Executive Directors should also be a member of the Quality, Safety and Improvement Committee.

The Chair of the organisation shall not be a member of the Audit and Corporate Governance Committee, but may be invited to attend by the Chair of the Committee as appropriate.

5.2 Attendees

In attendance: Deputy Chief Executive and Executive Director of Operations and Finance
Director of Quality, Nursing and Allied Health Professionals
Board Secretary
Head of Internal Audit (or representative)
Local Counter Fraud Specialist
Representative of the Auditor General for Wales
Deputy Director and Head of Finance

Up to two Trade Union Representatives will have a permanent invite to attend the Committee. In addition to this others from within or outside the organisation who the Committee considers should attend, will be invited taking account of the matters under consideration at each meeting.

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

The Director of the Collaborative will attend the Committee at least annually, or as requested by the Committee Chair, to provide assurance to the Committee that the Collaborative is complying with the Hosting Agreement and to highlight and discuss any areas of risk or non-compliance.

5.3 Quorum

At least **two** members must be present to ensure the quorum of the Committee, one of whom should be the Committee Chair (or Vice Chair where appointed).

6. Frequency of Meetings

Meetings shall be held no less than quarterly and otherwise as the Chair of the Committee deems necessary – consistent with the Trust's annual plan of Board Business. The External Auditor or Head of Internal Audit may request that the Chair convene a meeting if they consider this necessary.

7. Relationships and accountabilities with the board and its Committees/Groups:¹

The Audit and Corporate Governance Committee must have an effective relationship with the Quality, Safety and Improvement Committee and any other committees or sub-committees of the Board so that it can understand the system of assurance for the Board as a whole. It is very important that the Audit and Corporate Governance Committee remains aware of its distinct role and does not seek to perform the role of other committees.

The Committee will consider the assurance provided through the work of the Board's other committees and sub groups to meet its responsibilities for advising the Board on the adequacy of the Trust's overall framework of assurance.

8. Reporting and Assurance Arrangements

The Committee shall provide a written, annual report to the Board and the Chief Executive on its work in support of the Annual Governance Statement and the Annual Quality Statement, specifically commenting on the adequacy of the assurance framework; the extent to which risk management is comprehensively embedded throughout the organisation; the integration of governance arrangements; and the appropriateness of self-assessment activity against relevant standards. The report will also record the results of the committee's self-assessment and evaluation.

9. Applicability of Standing Orders to Committee Business

The requirements for the conduct of business as set out in the Trust's Standing Orders are equally applicable to the operation of the Committee, except in the following areas:

- Quorum (see paragraph 5.3)
- Meetings will not normally be held in public.
- Agendas and routine reports will be published following each meeting where appropriate.

¹ Reference to the Board's Committees/Groups incorporates its sub committees, joint committees and joint sub committees as well as other groups, such as Task and Finish Groups, where this is appropriate to the remit of this Audit Committee