NATIONAL WAITING TIMES CENTRE BOARD

**AUDIT AND RISK COMMITTEE - TERMS OF REFERENCE**

1. *Introduction*

The Board has established an Audit and Risk Committee as a standing committee of the Board to support them in their responsibilities for the issues of risk, control and governance and associated assurance through a process of constructive challenge.

The Committee will support the Accountable Officer and the Board by reviewing the comprehensiveness and reliability of assurances of governance, risk management, the control environment and the integrity of the financial statements and the annual report.

1. *Membership*

In order to preserve its independence from operational management, the Audit and Risk Committee does not have any executive membership. The Audit and Risk Committee will report to the Board. Membership will be

* Four Non Executive Members appointed by the Board, one of which will be appointed by the Board to be the Committee Chair
* The Chair of the Board shall not be a member but shall be invited to attend at least one meeting per year

The membership of the committee is listed below:

* Chair – K Kelly
* P Cox
* K Harriman
* S McAllister

The committee will be provided with a secretariat function by the personal assistant to the Director of Finance. Minutes of the meeting shall be submitted to the next meeting of the Committee and thereafter submitted by its Chair to the first ordinary meeting of the Board for noting.

The committee has the right to require the attendance of any Director or member of staff, persons attending in this capacity are not entitled to a vote in the decision making process.

The committee has a number of attendees who are detailed below:

J Carter – Director of Finance (Executive Lead)

J Gardner – Chief Executive (Accountable officer)

L Bryson – Assistant Director of Finance (Governance and Financial Accounting)

L Langan-Riach – Interim Chief Risk Officer

The Chair of the Board may attend but in an ex-officio capacity

Representative from Grant Thornton – newly appointed Board Internal Auditors

Representative from Scott-Moncrieff – Board External Auditors

The Committee may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussion of particular matters.

The Board or Accountable Officer may ask the Committee to convene further meetings to discuss particular issues on which they want the Committee advice.

1. *Executive Director Lead*

The Designated Executive Lead will support the Chair of the Committee in ensuring that the Committee operates according to /in fulfilment of its agreed Terms of Reference. The named Executive Lead for the Committee is the Director of Finance. Specifically they will:

* Support the Chair in ensuring that the Committee remit is based on the latest guidance and relevant legislation, and the Board’s best value framework;
* Liaise with the Chair in agreeing a programme of meetings for the business year, as required by its remit;
* Oversee the development of the annual workplan for the Committee which is congruent with its remit and the need to provide appropriate assurance at the year-end, for the endorsement of the Committee and approval by the Board;
* Agree with the Chair an agenda for each meeting, having regard to the Committee’s remit and workplan;
* Lead a mid-year review of the Committee Terms of Reference and progress against the annual workplan, as part of the process to ensure that the workplan is fulfilled; and
* Oversee the production of an annual report on the delivery of the Committee’s remit and workplan, for endorsement by the Committee and submission to the Board.
1. *Quorum*

A quorum shall consist of three Members of the Committee.

1. *Meetings*

The committee shall meet no fewer than four times per annum, with meetings schedule in line with the following timetable and detailed agreed timetable and workplan for the forthcoming financial year.

The Committee will formally report in writing to the Board and Accountable Officer after each meeting. A copy of the minutes of the meeting may form the basis of the report.

The Committee will provide the Board and Accountable Officer with an Annual Report, times to support finalisation of the accounts and the governance statement, summarising its conclusion from the work done during the year.

The detailed workplan will be presented to the Summer audit committee meeting and will include, as a minimum, the indicative agenda items listed below:

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| **Audit Meeting** | **Proposed Items for Agenda** |
|  |  |
| Autumn Meeting -Oct | * Internal audit progress Report – standing item
* External Audit – update – standing item
* National Fraud Initiative (final report)
* Update on Shared Services/National and Regional Working
* Fraud update - Standing Item
* Audit Scotland Reports – standing item
* Full review of SFIs
* Update on roll out of Enterprise Risk Framework
* Board Risk Register (standing agenda item)
* Review of Board Standing Orders
* Update on work on asset lives
* Cyber update
* Procurement Strategy update
* Update on expansion programme
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| Winter Meeting - February | * Internal Audit Progress Report
* External Audit annual plan
* External Audit – Interim management report
* Update on Governance statement guidance
* Fraud Update
* Updated fraud policy
* Update on Audit Scotland reports
* Update on Shared Services/National and Regional Working
* Enterprise Risk update
* Board Risk Register
* Amendments to SFIs if required\*
* Update on expansion programme
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| Spring Meeting -AprilNB the accounting policies need to be approved prior to prep of accounts.NB the governance statement needs to be approved prior to inclusion in accounts | * Internal Audit Progress Report
* Internal Audit Draft plan for 2016/17 for approval
* Internal Audit Annual Report\*
* External Audit
* Standing Committee Annual Reports (Draft)
* Information Governance Annual Report
* Risk Management Annual Report
* Accounting Policies for approval\*
* Fraud update
* Risk update
* Board Risk Register
* Governance statement for approval (to include in annual accounts)\*
* update on Audit Scotland reports
* Draft annual report for committee
* Amendments to SFIs if required\*
* Update on expansion programme
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| Summer meeting –early June | * External Audit Annual Report with opinion
* Annual report and Accounts
* Statement of Assurance
* Final Annual Report for the committee.
* Proactive fraud plan for year
* ISAE3402 – financial controls assurance for National Single Instance
* Any other external assurance papers Terms of Reference for committee – annual review
* Work plan for committee for following year
* Fraud update
* Enterprise Risk update
* Board Risk Register
* Endowments Annual Report and Accounts – for noting
* Update on expansion programme
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The Chair of the Committee may convene additional meetings, as is felt necessary.

Meetings will normally be attended by those identified as regular attendees in point 2 above.

The Audit and Risk Committee may ask any other official of the organisation to attend to assist it with its discussions on particular matters.

The Audit and Risk Committee may ask any or all of these who normally attend but who are not members to withdraw to facilitate open and frank discussion of particular matters.

The Accountable Officer may ask the Audit and Risk Committee to convene further meetings to discuss particular issues on which the Accountable Officer wishes the committee’s advice, guidance or opinion.

1. *Reporting*
* Where the review of the terms of reference results in amendments, the revised Terms of Reference must be submitted to the Board for formal approval.
* The committee will approve at the start of each financial year a detailed work plan for approval by the Board.
* The committee annual report will inform the submission of the statement of assurance from the Committee to the Board at year-end.
* On an annual basis the committee will be required to complete the self assessment checklist provided in the Audit and Assurance Handbook.
1. *Responsibilities/Remit*

The Committee has responsibility for ensuring that the Board’s activities are within the guidelines for corporate governance within the NHS and that an effective internal control system is maintained. The Committee will provide an independent and objective review of these internal controls. . The duties of the Audit Committee are in line with the Audit and Assurance Handbook and are detailed below. The audit committee will advise the Board and the Accountable Officer on:

* The strategic process for risk, control and governance and the Corporate Governance Statement;
* Independent scrutiny of the arrangements and action plans for the risk management processes which are in place within the Board including review of the Board Risk Register and updates provided from the work of the Strategic Risk Committee;
* The accounting policies, the accounts, and the annual report for the organisation, including the process for review of the accounts prior to submission to audit, levels of error identified, and the management’s letter of representation to the external auditors;
* The planned activity and results for both internal and external audit;
* The adequacy of management responses to issues identified by audit activity, including external audit’s management letter/report;
* The effectiveness of the internal control environment;
* Assurances relating to the corporate governance requirements of the Board;
* Proposals for tendering for internal audit services or for the purchase of non-audit services from contractors who provide audit services;
* Anti-fraud policies, whistle-blowing processes and the arrangements for special investigations; and
* The acceptability of any proposed changes to the standing orders, the scheme of delegation and the standing financial instructions.
* Report the circumstances associated with each occasion when the Standing Orders are waived
* Schedule of losses and compensation payments and make recommendations to the Board on proposed write-offs requiring the approval of Scottish Government

The audit committee will also periodically review its own effectiveness and support the results of the review to the Board and Accountable Officer.

All members of the committee will be required to sign a formal declaration accepting their responsibilities as a member of the Committee.

1. *Rights*

The Audit and Risk committee may:

* Co-opt additional members for a period not exceeding a year to provide specialist skills, knowledge and experience; and
* Procure specialist ad-hoc advice at the expense of the organisation, subject to budgets agreed by the Board or Accountable Officer.
1. *Access*

The designated Chief Internal Auditor and the representative from External Audit will have free and confidential access to the Chair of the Committee. Meetings will be arranged as required at a minimum on an annual basis.

1. *Information Requirements*

For each meeting the Audit and Risk Committee will be provided with:

* A report summarising the significant changes to the organisation’s risk register;
* A progress report from the Chief Internal Auditor summarising
	+ Work performed (and a comparison with work planned)
	+ Key issues emerging from Internal Audit work
	+ Management responses to audit recommendations
	+ Significant changes to the audit plan
	+ Any resourcing issues affecting the delivery of the Internal Audit Objectives;
* A progress report from External Audit representatives summarising work done and emerging findings; and
* A report on any fraud investigations or fraud prevention activity since the previous meeting.

As and when appropriate the Committee will also be provided with:

* Proposals for the terms of reference of internal audit;
* The internal audit plan and strategy;
* The chief internal auditor’s annual report and opinion;
* Quality assurance reports on the internal audit function;
* The draft Directors’ Report and Annual accounts;
* The draft Governance Statement;
* A report on changes to accounting policies;
* External audit’s management letter/report;
* A report on any relevant service audit reports on the controls operating around processes undertaken by another body on the Board’s behalf;
* A report on any proposals to tender for audit functions;
* A report on co-operation between internal and external audit;
* Clinical Governance and Staff Governance annual reports;
* The risk management annual report;
* A summary of any relevant Audit Scotland reports, the implications for the Board and assurances as to actions being taken;
* A report on the national fraud initiative;
* A summary of any reports by external bodies (eg HIS) which will not be considered by any other governance committee or which contains significant issues the committee needs to take into account in its assessment of the internal control arrangements; and
* Update reports from the Strategic Risk Committee

The above list, which is not exhaustive, is the suggested minimum requirements for the inputs which should be provided to the committee, more items may be provided as appropriate.