

Audit and Risk Management Committee

Terms of Reference

(Last reviewed by Committee: March 2016)

Constitution

The NHS Business Services Authority (the Authority) hereby establishes a Committee to be known as the Audit and Risk Management Committee (the Committee). It is constituted as a non-executive committee of the Authority's Board, which determines its Membership and Terms of Reference. The Committee is authorised to investigate any activity within these terms of reference, and can seek any information from employees of the Authority, who must co-operate with any such request. The Committee is authorised to seek outside legal or other independent professional advice and secure the attendance of outsiders with relevant expertise if considered necessary.

Membership

The Committee shall consist of not less than 3 non-executive board members. Two of these will be appointed by the Board. The third member will be appointed by the Department of Health as Chair of the Committee. At least one member shall have significant relevant financial experience. The Authority's Chair shall not be one of these directors, although he/she may be invited to attend meetings where the issues discussed are relevant to the whole Board or to the Chair directly. The Committee shall be quorate providing there are two members present.

Attendance

The Director of Finance and Corporate Services, appropriate Internal Audit service provider and External Audit representatives shall normally attend meetings. However, at least once a year, the Committee shall meet with the auditors without any other person present. The Chief Executive and other Executive Directors may be invited to attend on occasion, particularly when the Committee is discussing significant matters relating to risks or operations that are the responsibility of a particular director. The Chief Executive shall be invited to attend the meeting that reviews and agrees the Annual Governance Statement, to discuss the process for assurance that supports the Statement, and the Annual Report and Accounts.

The Internal Auditors, and External Auditors, shall have confidential and direct access, where required to members of the Committee on matters arising from, or relevant to, the Committee.

Frequency

Meetings shall be held as required and not less than four times in one financial year. The Director of Finance and Corporate Services, Internal Audit or External Auditor may request a meeting if they consider that one is necessary.

Duties

The Committee shall undertake the following duties:

A Governance, Risk Management and Internal Control

1. Provide the Authority's Board with an independent and objective review of the adequacy and effectiveness of the Authority's Assurance Framework (the framework of governance, risk management, controls and related assurances). In particular it will review:
 - a. all risk and control related disclosure statements (in particular the Annual Governance Statement) together with the accompanying Internal Audit statement;
 - b. the underlying assurance process that governs the management of principal risks and issues, and the achievement of corporate objectives;
 - c. the appropriateness of policies and procedures for ensuring compliance with law, guidance and codes of conduct, and their effectiveness;
 - d. policies and procedures related to physical security and the detection and prevention of fraud;
 - e. policies and procedures related to whistleblowing; and
 - f. policies and procedures related to cyber security.
2. Advise the Chief Executive and Board, where appropriate, on proposals for the appointment of either Internal or External Audit services or on the purchase of non-audit services from contractors who provide audit services.
3. Consider other topics as requested by the Board

B Internal Audit

1. Provide assurance to the Board that an effective internal audit function is established at an appropriate fee that meets mandatory UK Public Sector Internal Audit Standards and provides appropriate independent assurance to the Audit Committee.
2. Review and approve the annual internal audit plan, and more detailed programme and ensure co-ordination between the internal and external auditors to optimise audit resources.
3. Review the outcomes and recommendations of internal audit reports, the status of the planned audits and monitor the agreed management actions.

4. Ensure that the Internal Audit function is adequately resourced and has appropriate standing within the organisation.
5. The members will meet privately at least once a year with the Internal Auditors.

C External Audit

1. Discuss and provide input for the external audit planning report with the External Auditors before the commencement of the audit and where appropriate ensure co-ordination with other external auditors in the health sector.
2. Review External Audit reports, including annual audit letters and management's responses.
3. The members will meet privately at least once a year with the External Auditors.

D Finance

1. Review the Annual Report (including the Governance Statement) and Financial Statements before submission to the Board, challenging assumptions and judgements made during their compilation, and focusing particularly on:
 - a. changes in, and compliance with, accounting policies and practices;
 - b. unadjusted misstatements in the financial statements
 - c. major judgemental areas; and
 - d. significant adjustments resulting from the audit.
2. Consider the context of any report involving the Authority issued by the Public Accounts Committee or the Comptroller and Auditor General and review management's proposed response before presentation to the Board for agreement.
3. Review schedules of losses and special payments.

Reporting Arrangements and Mechanisms

The Committee meetings shall be formally recorded and the minutes submitted to the Board.

The Committee shall undertake an annual review of its own effectiveness.

The Committee shall submit an annual report of its work to the Board. The timing of this report will coincide with the production of the Annual Report and Accounts.