

Audit committee Terms of Reference	
1. Constitution	<p>The board of directors' has established a committee, known as the audit committee, reporting to the board in accordance with standing order 6 for the practice and procedure of the board of directors (annex 8 of the constitution).</p> <p>The committee shall have terms of reference and powers and be subject to such conditions, such as reporting back to the board, as the board shall decide and shall act in accordance with any legislation and regulation or direction issued by the regulator.</p> <p>The committee shall be a non-executive committee of the board comprised of independent non-executive directors and has no executive powers, other than those specifically delegated in these terms of reference.</p>
2. Terms of Reference	<p>a. Purpose / duties / role</p> <p>The role of the committee is to provide assurance to the board (along with the quality assurance committee) that The Christie is properly governed and well led across the full range of activities, including investment, and to provide internal and external assurance by reviewing the establishment and maintenance of effective systems of governance, risk management and internal control.</p>
3. Membership	<p>The committee membership shall be comprised of: Non-executive directors and should include at least three independent non-executive directors. The Chair of The Christie shall not be a member.</p> <p>The board should satisfy itself that at least one member of the audit committee has recent and relevant financial experience. (Monitor Code C.3.1)</p> <p>The chair of the committee shall be one of the non-executive directors selected by the board. In their absence their place shall normally be taken by another non-executive director.</p> <p>a. Quorum</p> <p>The quorum shall be any two members of the committee.</p> <p>b. Attendance at meetings</p> <p>The following individuals shall normally be in attendance:</p> <ul style="list-style-type: none"> • Executive director of finance and business development (EDoF&BD) • Chief nurse & executive director of quality (CN&EDoQ) • Committee secretary (minutes) • Appointed representatives of the EDoF&BD, normally the financial services manager and / or deputy director of finance • Representative(s) of the external audit service provider • Representative(s) of internal audit service provider • Representative(s) of counter fraud service provider <p>The chair, chief executive and other directors may be invited to attend, particularly when the committee is discussing areas of risk or operation</p>



	<p>that are the responsibility of that director.</p> <p>The chief executive should be invited to attend at least annually, to discuss the process of assurance that supports the annual governance statement.</p> <p>c. Attendance by Others As required by the committee.</p> <p>d. Notice of meetings Meetings of the audit committee shall be called at the request of the committee chair. Notice of each meeting, including an agenda and supporting papers shall be forwarded to each member of the audit committee not less than five working days before the date of the meeting.</p>
<p>4. Responsibilities/ accountability and reporting arrangements</p>	<p>The Committee has a shared responsibility with the quality assurance committee, to provide assurances to the board of directors that The Christie is properly governed and well led across the full range of their activities.</p> <p>In broad terms, the audit committee is responsible for all matters relating to corporate, financial and investment governance and risk management and the quality assurance committee is responsible for clinical and research governance and risk management. Where either committee is concerned that identified risks have a material impact on the remit of the other they will refer the details to it.</p> <p>Governance, risk management and internal control The committee will provide internal assurance by reviewing the establishment and maintenance of effective systems of governance, risk management and internal control, particularly in relation to the corporate, financial and investment activities that support the achievement of the objectives of The Christie. In particular, the committee will review the adequacy and effectiveness of:</p> <ul style="list-style-type: none"> • All risk and control related disclosure statements (in particular the board assurance framework, annual governance statement, the relevant elements of the Care Quality Commission essential standards of quality and safety and disclosure statements required under charity legislation), together with any accompanying head of internal audit statement, external audit opinion or other appropriate independent assurances, prior to endorsement by the board of directors. • The underlying assurance processes that indicate the degree of achievement of the corporate objectives, the effectiveness of the management of principal risks and the appropriateness of the above disclosure statements • The policies for ensuring compliance with regulatory, legal and code of conduct requirements, as they relate to corporate, financial and investment issues • The policy on data quality particularly as it relates to the data which forms the basis of self-assessments or disclosures to NHS



	<p>Improvement</p> <ul style="list-style-type: none"> • Review the policies and procedures for all work related to fraud, bribery and corruption as set out within NHS Standards Contract and as required by NHS Counter Fraud Authority Standards for Providers. This will include receipt of the Anti-Fraud Work Plan with progress reports provided on a recurring basis, plus the Anti-Fraud Annual Report, to ensure that the committee is satisfied with action taken throughout the year and that significant losses have been properly investigated and reported to the internal and external auditors and relevant external bodies including NHS Counter Fraud Authority. • Review arrangements by which staff of The Christie may raise, in confidence, concerns about possible improprieties in matters of financial reporting and control, clinical quality, patient safety or other matters. • Compliance with The Christie’s Equality and Diversity policy <p>In carrying out this function, 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 integrated governance, risk management and internal control, together with indicators of their effectiveness.</p> <p>The committee may request and review reports and positive assurances from directors and managers on the overall arrangements for governance, risk management and internal control. The committee may also request specific reports from individual functions within the organisation, as they may be appropriate to the overall arrangements.</p> <p>In addition, the committee will review the work of other committees within The Christie, whose work can provide relevant assurance to the committee’s own scope of work.</p> <p>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.</p> <p>Raising concerns</p> <p>The committee shall review the effectiveness of arrangements in place for allowing staff to raise (in confidence) concerns about possible improprieties in financial, clinical or safety matters and ensure that any such concerns are investigated proportionately and independently.</p> <p>Wholly Owned Subsidiaries</p> <p>The committee will have oversight of the Trust’s wholly owned subsidiaries (WOS). This will include review of governance and effectiveness arrangements for the entity. Twice yearly reports will be received by the committee from the WOS.</p> <p>The joint ventures within the Trust are independent bodies so are not</p>
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included within the ToR of the audit committee.

Internal Audit

The committee will provide internal assurance by ensuring that there is an effective Internal Audit function, which meets mandatory NHS internal audit standards and provides appropriate independent assurances to this committee, the quality assurance committee, the chief executive and the board. This will be achieved by:

- Leading the consideration of any questions regarding the appointment of the internal audit service or revisions to/termination of the internal audit service contract.
- Ensuring that adequate internal audit capacity is identified and purchased, and that the function has appropriate standing within The Christie.
- Reviewing and approving the internal audit strategy, operational plan and more detailed programme of work, ensuring that these are consistent with the audit and governance needs of The Christie, as identified in the assurance framework.
- Consideration of the major findings of internal audit reports, and management's response, ensuring co-ordination between internal and external audit in order to optimise audit resources and between the audit and quality assurance committees.
- Leading an annual review of the performance and effectiveness of the internal audit service.

External Audit

The committee will review the work and findings of the external auditor and consider the implications and management's responses to their work. This will be achieved by:

- Consideration of the appointment, effectiveness and performance of the external auditor, as far as any applicable rules permit,
- Consideration of the independence and objectivity of the external auditor
- the provision and cost of the external audit service.
- Discussion and agreement with the external auditor, before an audit commences, of the nature and scope of the audit as set out in the annual plan, and ensure co-ordination, as appropriate, with other external auditors in the local health economy.
- Discussion with the external auditors of their local evaluation of audit risks and assessment of The Christie, and the associated impact on the audit fee.
- Review of all external audit reports, including agreement of the annual audit letter before submission to the board, and any work carried out outside the annual audit plan, together with the appropriateness of management responses.

The committee will make recommendations to the Council of Governors, in relation to the appointment and removal of the external auditor of The Christie and approve the remuneration and terms of engagement of the external auditor of The Christie. For the avoidance of doubt the Council of



Governors has no responsibility in relation to the external audit of the Christie Charitable Fund.

The committee will develop and implement a policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm.

Reporting to the board

The proceedings of each meeting of the audit committee shall be reported to the next meeting of the board of directors. The chair shall draw to the attention of the board of directors any issues that require disclosure to the board or require executive action.

The committee will report annually to the board of directors on its work in support of the statement on internal control, specifically commenting on the fitness for purpose of the assurance framework, and the completeness and the effectiveness of risk management in the organisation, together with the adequacy and effectiveness of The Christie's arrangements for economy and efficiency.

Reporting to/working with the council of governors and members

The committee will report to the council of governors, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken.

The committee will ensure that appropriate arrangements are made when appointing or re-appointing the external auditor to involve governors in the process and present a recommendation to the council of governors.

The committee will ensure that the annual report and financial statements, the report of the auditor and forward planning information for the next financial year are presented to the council of governors at appropriate times in the annual reporting cycle.

The committee will ensure that the annual report and financial statements, the report of the auditor and forward planning information for the next financial year are presented to the members at the annual members' meeting.

Annual report and financial statements

The committee shall review the annual report and financial statements for The Christie before submission to the board of directors, focusing particularly on:

- The wording in the statement on internal control 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 judgmental areas.
- Significant adjustments resulting from the audit.



	<p>The committee shall employ appropriate measures such as internal audit reports to ensure that</p> <ul style="list-style-type: none"> • 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 of directors, and • they monitor the integrity of the financial statements and any formal announcements relating to the financial performance, reviewing significant financial reporting judgements contained in them. <p>The committee must review and update these terms of reference not less than annually recommending any changes to the board of directors and publish them on the Christie website; The committee must evaluate its own membership and performance on a regular basis.</p>
5. Frequency	<p>The audit committee shall meet at least four times per year. The chair may at any time convene additional meetings of the committee to consider business that requires urgent attention. At least once a year the committee shall meet privately with the external audit internal audit and counter fraud service providers and the senior representatives of these organisations may request a meeting if they consider that one is necessary.</p>
6. Authority	<p>The committee is authorised by the board of directors 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 co-operate with any request made by the committee.</p> <p>The committee is authorised by the board of directors to obtain reasonable external legal or other independent professional advice and to secure the attendance of outsiders with relevant experience or expertise, if it considers this to be necessary.</p> <p>The committee is authorised by the board of directors to incur expenditure up to £5,000 in line with the Scheme of Reservation and Delegation of Powers.</p>
7. Relationship with other committees	<p>This committee and the quality assurance committee have a shared responsibility to provide assurances to the board of directors. As such, both committees need to work collaboratively, to ensure that all aspects of governance are covered and that the board receives comprehensive assurances on The Trust's business and activities. Joint meetings can be arranged to review assurances supporting the annual governance statement and to agree the specific responsibilities relating to each element of the Assurance Framework.</p>
8. Dissemination of information	<p>Information is disseminated via the board of directors' and council of governors</p>
9. Review	<p>The audit committee terms of reference are to be reviewed annually.</p>
10. Administration	<p>The committee shall be supported administratively by the committee secretary, who will agree the agenda with the chair, produce all necessary papers, attend meetings to take minutes, keep a record of matters arising and issues to be carried forward and generally provide</p>



	<p>support to the chair and members of the committee.</p> <p>Minutes of all meetings of the committee shall be taken and kept by the committee secretary or an appropriate alternative.</p>
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