

Audit and Risk Committee Terms of Reference

1. Introduction

- 1.1 The Audit and Risk Committee is established as a Committee of the NHS Board as described in the Board's Standing Orders. The approved Terms of Reference and information on the composition and frequency of the Committee have been informed by the Board's Standing Orders with specific reference to Section 9 Committees.
- 1.2 The Terms of Reference will be reviewed annually and submitted to the NHS Board for approval.

2. Remit

- 2.1 To support the Accountable Officer and Board by reviewing the comprehensiveness and reliability of assurance on governance, risk management, control environment and the integrity of financial statements and annual report.

3. Duties

- 3.1 Committee will review the overall Internal Control arrangements of the Board and make recommendations to the Board regarding signing of the Governance Statement.
- 3.2 Receive a regular review of the operational effectiveness of the internal audit function.
- 3.3 Monitor the internal and external audit programme, receiving and scrutinising reports, overseeing and reviewing action taken by the Chief Executive on audit recommendations to ensure enhanced control is evidenced and there is timely completion. Ensure appropriate updates are provided to Board.
- 3.4 Receive and scrutinise reports from the Chief Executive and/or Executive Director of Finance in relation to formal audit reports and all counter fraud activity including the annual self-assessment of compliance with Counter Fraud Standards.
- 3.5 Receive and scrutinise regular external audit reports, in particular any annual report or management letters relating to certification of the Board's statutory annual accounts.
- 3.6 Hold meetings with the external and internal auditors, to discuss their annual report, the scope of their audit examination and any matters which the External Auditor wishes to discuss, without Executive Board Directors present.
- 3.7 Receive assurance from other governance committees on actions by management to remedy weaknesses or other criticisms of the Board's systems made by the internal or external Audit.

- 3.8 Review risk management arrangements e.g. Risk Strategy, Risk Appetite and recommend to Board for approval. Receive and scrutinise Strategic Risk Register at least twice a year. Receive and review the Risk Management Annual Report from Risk and Resilience Scrutiny and Assurance Group.
- 3.9 Oversee the annual external audit financial reporting process to ensure balance, transparency and integrity of published financial information, providing input and scrutiny to reports received.
- 3.10 Receive annual reports and quarterly updates from the sub-committees established by the NHS Audit and Risk Committee in order to provide assurance and accountability.
- 3.11 Review any proposed changes to the Standing Orders, Scheme of Delegation and Standing Financial Instructions.

4. Authority

- 4.1 Committee is authorised to investigate any matters which fall within its Terms of Reference and obtain external professional advice.
- 4.2 The Committee may establish Sub-committees to support its functions.
- 4.3 Committee is authorised to seek and obtain any information it requires from any employee whilst taking account of policy and legal rights and responsibilities.
- 4.4 The Audit and Risk Committee will have the authority to require the attendance of any employee of NHS Ayrshire and Arran as may be required.

5. Committee Membership

- 5.1 The Committee shall be established by the full NHS Board and be composed of six Non-Executive Board Members.
- 5.2 The NHS Board shall appoint the Chair and approve membership of the Committee.
- 5.3 A Vice Chair will be proposed by the Audit and Risk Committee Chair and agreed by the Committee.
- 5.4 Committee membership will be reviewed at least annually or as required, by the Board Chair.
- 5.5 All Audit and Risk Committee members will be Non-Executive Board members and none will be a Health Board employee.

6. Quorum

- 6.1 Three Non-Executive members will constitute a quorum.

7. Attendance

- 7.1 The Executive Director of Finance, Chief Executive, Executive Medical Director,

may attend meetings in an *ex-officio* capacity to provide information and advice.

- 7.2 The Committee can require the attendance of any officer of the Board.
- 7.3 The internal auditor should normally attend meetings and the external auditor will attend at least two meetings per annum.
- 7.4 Committee may co-opt additional advisors as required.

8. Frequency of Meetings

- 8.1 The Audit and Risk Committee will normally meet bi-monthly but will meet at least four times per annum.
- 8.2 The Chair may at any time convene additional meetings of the Committee.

9. Conduct of business

- 9.1 Meetings of the Committee will be called by the Committee Chair.
- 9.2 The agenda and supporting papers will be sent to members at least five working days before the date of the meeting.

10. Reporting arrangements

- 10.1 A minute will be kept of the proceedings of the Committee. A draft minute of the meeting will be circulated, normally within ten working days, to the Chair of the Committee. Once the Chair has approved, the draft minute will be shared with committee members for information, not for comment, prior to consideration at a subsequent meeting of the Committee.
- 10.2 The Chair of Committee shall provide assurance on the work of the Committee. A summary of key points from each meeting and the approved minute will be submitted to the NHS Board meeting for information.
- 10.3 Committee will conduct an annual review of its role and function by completing a self-assessment checklist as part of the Annual report. Committee will provide the Board with an Annual Report and Statement of Assurance to allow the approval of the Statutory Annual Accounts.
- 10.4 Items requiring urgent attention by the Audit and Risk Committee can be raised at any time at Audit and Risk Committee, subject to the approval of the Chair.

Version:	Date:	Summary of Changes:	Approved by
01.0	May 2019	No changes – approved as part of Annual report	Audit Cttee
01.1	Jan 2020	Change of Committee name	
01.2	Mar 2020	3.3 - All Committee members to be Non-Executive Board members, none will be Health Board Employee 8.3 – ‘Monitor’, not agree the internal and external audit programme 9.4 – Chair of Committee to provide assurance on work of Committee to each Board meeting and approved minutes to be submitted to Board. 8.7 - Receipt of assurance from other governance committees relating to audit recommendations.	Agreed by Audit Cttee
02.0	17/08/20	Approved by NHS Board	17/08/2020
02.1	20/01/21	Review by Audit Committee on 20 January 2021 – no revisions noted.	
03.0	10/03/21	Amendments to deliver a standard approach to Governance Committee ToR. - Sections reordered to bring committee business together, ie. Remit/Duties/Authority - Duplication removed if referred to in Board Standing Orders - Introduction amended to note that ToR are informed by the Board standing orders and the requirement for an annual review. - Reporting arrangements amended to 10 days for draft minute to be available and ensuring approved draft shared with members. Inclusion of requirement for annual self-assessment checklist in addition to the Annual Report. - No change to Remit or Duties	NHS Board 29/03/2021
03.1	17/03/22	Annual Review of Terms of Reference – no changes made.	NHS Board 28/03/2022
04.0	15/03/23	Annual review of Terms of Reference 3.1 - Removed reference to specific Governance committees after Governance Statement. 3.6 – Removed “if necessary”	NHS Board 28/03/2023
05.0	06/03/24	Annual review of Terms of Reference 2.1 Remit wording updated. 3. Duties - wording amendments to 3.3, 3.4, 3.5, 3.8 and 3.9 to reinforce Committee duties in regards to review and scrutiny of papers	NHS Board 26/03/2024
06.0	23/01/25	Annual review of Terms of Reference 3. Duties – addition at 3.4 to include counter fraud activity. 7.1 Attendance updated to include Executive Medical Director, Executive Nurse Director and Director of Pharmacy	NHS Board 31/03/2025
07.0	22/01/2026	Annual Review of Terms of Reference 7.1 Removed Executive Nurse Director and Director of Pharmacy. Medical Director will remain as Executive responsible for risk and others can be called to attend if required.	NHS Board 08/06/2026