

Sections Added	



AUDIT COMMITTEE CONSTITUTION AND TERMS OF REFERENCE

Date of Board approval: January 2023

1. PURPOSE AND ROLE

- 1.1 To ensure the management of the Board's activities is in accordance with the regulations governing the NHS in Scotland that an effective system of internal control is maintained and that a strong corporate governance culture is in operation. The duties of the Audit Committee shall be in accordance with the Scottish Government Audit & Assurance Handbook, dated March 2018.
- 1.2 To approve and monitor the delivery of the internal and external audit plans.
- 1.3 To ensure a system of internal control is in existence and maintained to give reasonable assurance that assets are safeguarded; waste or inefficiency is avoided; risk management is in place; reliable financial information is produced.
- 1.3 To ensure a system of control is in existence and maintained to give assurance on risks related to information governance, security and privacy.
- 1.5 To support the Board and Accountable Officer in their responsibilities through a process of constructive challenge which focuses on both processes and outcomes.

2. COMPOSITION

- 2.1 The membership of the Audit Committee will be:
 - Five Non-Executive members of NHS Highland Board (one of whom will be the Chair).
- 2.2 The Committee may have the option to co-opt members to meet specific skill sets.
- 2.3 The Chair of NHS Highland Board cannot be a member of the Committee.
- 2.4 In order to avoid any potential conflict of interest, the Chair of the Audit Committee shall not be the Chair of any other governance Committee of the Board.

2.2 Officers of the Board will be expected to attend meetings of the Committee when issues within their responsibility are being considered by the Committee. In addition, the Committee Chair will agree with the Lead Officer to the Committee which other Senior Staff should attend meetings, routinely or otherwise. The following will normally be routinely invited to attend Committee meetings:

- Chief Executive
- Director of Finance
- Chief Internal Auditor or representative
- Head of Area Accounting
- Statutory External Auditor
- Board Secretary

2.3 The Director of Finance shall serve as the Lead Officer to the Committee.

3. QUORUM

3.1 No business shall be transacted at a meeting of the Committee unless at least three Non-Executive members are present. There may be occasions when due to the unavailability of the above Non-Executive members, the Chair will ask other Non-Executive members to act as members of the committee so that quorum is achieved. This will be drawn to the attention of the Board.

4. MEETINGS

4.1 There will be a minimum of 5 meetings a year one of which is specifically to consider the annual accounts. Ad hoc meetings to consider particular issues or business requiring urgent attention can be arranged.

4.2 The June meeting will be attended by the External Auditor, and the Annual Accounts will be presented for agreement at this meeting.

4.3 The agenda and supporting papers will be sent out at least five clear working days before the meeting. Papers are made available to all Non-Executive Directors of the Board who may attend meetings as they wish.

4.4 NHS Highland Board shall appoint a Chair who shall preside at meetings of the Committee. The Committee shall elect a Vice Chair from its membership who will chair meetings if the Chair is absent from any meeting of the Committee.

4.5 At least once per year the Committee should meet with the External/Internal Auditors without any Executive Directors or Board staff present.

4.6 The Committee may sit privately without any Non-Members present for all or part of a meeting if they so decide.

5. REMIT

- 5.1 The main objective of the Audit Committee is to support the Accountable Officer and NHS Highland Board in meeting their assurance needs. This includes advising the Board and Accountable Officer on:
- The strategic processes for risk, control and governance and the Statement on Internal Control
 - The effectiveness of the internal control environment
 - Assurances relating to the corporate governance requirements of the organisation
 - the operational effectiveness of Internal Audit by considering the audit standards, resources, staffing, technical competency and performance measures
 - Determining the planned activity and results of internal audit reviews and reports
 - The adequacy of management response to issues identified by all audit activity, including the external audit's management letter/report
 - The 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 errors identified and management's letter of representation to the external auditors
 - Anti-fraud policies, whistle-blowing processes and arrangements for special investigation
 - To support organisational and financial performance and efficiency as well as the effectiveness and quality of services
 - Information governance and assurance, by giving direction to and receiving reports from the Information Assurance Group on its activities, and on risks related to information governance, security and privacy.

6. AUTHORITY

- 6.1 The Committee is authorised by the Board to investigate any activity within its Terms of Reference. It is authorised to seek any information required from any employee and all employees are directed to co-operate with any requests made by the Committee. Independent external advice can be accessed in respect of matters within the Committee's Remit.
- 6.2 The Committee will report to the Board through the issue of Minutes, by highlighting any key issues to the Board and through the Annual Report which will summarise its conclusions from the work it has done during the year.
- 6.3 The Chair is responsible for ensuring there is clarity of communication and accountability with the other Governance Committee Chairs.
- 6.4 The Committee will undertake an annual self-assessment of its work and effectiveness in accordance with NHS Highland and Blueprint for Good Governance values. This will be reported to the Board and Accountable Officer and inform the Committee Annual Report to the Board.

- 6.5 The Committee will provide an Annual Report incorporating a Statement of Assurance for submission to the Board in June each year.
- 6.6 The Committee will work closely with the Audit Committee of the Argyll & Bute Integration Joint Board, but it is important to recognise the boundaries between the two Committees and the need to avoid duplication. It will therefore be important to ensure the internal audit plans for the two Committees complement each other rather than duplicate effort. The Committee will seek regular updates from the IJB's Audit committee in order to be aware of issues that require its attention and also to guard against duplication.

7. REPORTING ARRANGEMENTS

- 7.1 The Audit Committee reports directly to NHS Highland Board on its work. The Minutes of the Committee are presented to the Board by the Committee Chair, who provides a report, on an exception basis, on any particular issues which the Committee wishes to draw to the Board's attention.
- 7.2 The Audit Committee will advise the Scottish Parliament Public Audit Committee of any matters of significant interest as required by the Scottish Public Finance Manual
- 7.3 The Audit Committee will receive Minutes of meetings of the Information Assurance Group and the Resilience Committee together with a short update report according to the meetings schedule for these groups.