

Audit Committee

Terms of Reference

1. Constitution

- 1.1. The Audit Committee is constituted as a standing Committee of each of the University Hospitals Bristol and Weston NHS Foundation Trust Board of Directors and the North Bristol NHS Trust Board of Directors (hereafter collectively referred to as “the Boards”). The Audit Committee (hereafter referred to as “the Committee”) operates as Committees in Common of both Boards.
- 1.2. The Committee has no executive powers, other than those specifically delegated by the Boards in these Terms of Reference which are incorporated within each Trust’s Standing Orders.
- 1.3. Where necessary, the Committee will consider separate reports from each Trust whilst they remain sovereign organisations.

2. Purpose

- 2.1. The Committee is responsible for assuring the Board on matters concerning:
 - Governance including financial governance, corporate governance and clinical and non-clinical audit
 - The management of risks, and
 - Internal control - seeking assurance from internal and external audit and counter fraud.

3. Duties

3.1. Governance, Risk Management and Internal Control

The Committee will:

- Seek assurance that the Trusts’ activities are efficient, effective and represent value for money – including reviewing the establishment and maintenance of an effective system of internal control that supports the achievement of the Trusts’ objectives.
- Seeking assurance that the Trusts comply with regulation and information is triangulated with independent sources prior to recommendation to the Board for approval.
- Test the effectiveness of the use of the Board Assurance Framework.

3.2. Internal Audit

The Committee will:

- Ensure there is an effective internal audit function that meets the relevant audit standards and provides appropriate independent assurance to the Committee, Group Chief Executive and Board.
- Receive and review the Head of Internal Audit Opinion, prior to Board approval.

3.3. External Audit

The Committee will:

- In accordance with the Local Audit and Accountability Act 2014, establish an ‘Auditor Panel’ to advise on the appointment of external auditors (membership of the panel will be approved by the Board). For an NHS Trust, the Panel shall recommend the appointment of external auditors to the Board. For an NHS Foundation Trust, the Panel shall make recommendations to the Council of Governors in relation to the appointment, re-appointment and removal of the Trust’s External Auditor.
- Review and monitor the work and findings of the external auditor and consider the implications and management’s responses to their work.

- Consider of the provision of the external audit service - including the performance, cost, seeking assurance that the audit function remains independent, and of any questions of resignation and dismissal.
- Agree the Letter of Representation before submission to the Board and any work undertaken outside the annual audit plan, together with the appropriateness of management response.
- Agree any non-audit services conducted – agreeing acceptable thresholds and safeguards. Any such work will be disclosed within the Annual Report.

3.4. Financial Reporting

The Committee will:

- Receive assurances from management on financial matters.
- Monitor the integrity of the financial statements of the Trusts and any formal announcements relating to the Trusts' financial performance.
- Ensure that the systems for financial reporting to the Board, including those of budgetary control, are subject to review as to completeness and accuracy of the information provided to the Board.

3.5. Whistleblowing/Freedom to Speak Up

The Committee will, on a three yearly basis:

- Review the effectiveness of the Trusts' arrangements for its employees to raise concerns.
- Ensure that arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

3.6. Counter Fraud

The Committee will:

- Satisfy itself that the Trusts have adequate arrangements in place for countering fraud, bribery and corruption.
- Review the outcomes of counter fraud work and investigations – seeking assurance that management are addressing any gaps in internal controls and are progressing actions to meet recommendations made.
- Ensure that the Trusts have appropriate policies and procedures for all work related to fraud, bribery and corruption

3.7. Other Assurance Functions

The Committee will:

- Review the findings of other significant assurance reviews, both internal and external to the Trusts, and consider the implications for the governance of the Trusts (e.g. from regulators /inspectors etc.).

4. **Membership**

4.1. Members of the Committee shall be appointed by the Board and shall comprise:

- Non-Executive Director Chair
- At least one other Non-Executive Director.

4.2. At least one of whom shall have recent and relevant financial experience.

4.3. The Chair of the Group Board shall not be a member of the Committee.

4.4. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

5. **Quorum and Attendees**

5.1. The quorum necessary for the transaction of business shall be:

- Two Non-Executive Directors (including the Chair or their designated deputy).

5.2. The following officers will have an open invitation to each meeting, unless otherwise informed by the Committee Chair (or when the Committee meets privately):

- Group Chief Executive
- Group Chief Finance & Estates Officer
- The Hospital Managing Directors
- Trust Directors of Finance
- Representatives from Internal Audit, External Audit and Counter Fraud
- Group Director of Corporate Governance
- Independent Freedom to Speak Up Guardian (FTSU).

5.3. The Head of Internal Audit, representative of external audit, Counter Fraud Specialist and FTSU Guardian have a right of direct access to the Chair of the Committee.

6. Frequency

6.1. The Committee shall meet:

- At least on a quarterly basis at appropriate times in the reporting and audit cycle and otherwise as required.
- In private with external and internal audit representatives without any member of the executives present on at least one occasion each year.

6.2. The Group Chief Executive, external auditors or internal auditors may request an additional meeting if they consider that one is necessary.

7. Authority

7.1. The Committee is authorised:

- To investigate any activity within its terms of reference
- To seek any information required from any employee of the Trusts in order to perform its duties, and to direct all employees to cooperate with any requests made by the Committee
- To obtain, at the Trusts' expense, outside legal or other professional advice on any matter within its terms of reference, and
- To call any employee to be questioned at a meeting of the Committee as and when required
- To secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

8. Meeting administration

8.1. The Trust Secretariat shall act as the secretary of the Committee.

8.2. Papers will be circulated in accordance with the Trusts' Standing Orders and minutes will be circulated to all members.

9. Reporting

9.1. An exception report will be provided to the Board via the Committee chair – highlighting business transacted and making any recommendations as deemed appropriate within the remit of the Committee.

9.2. Following scrutiny, the Committee will recommend to the Board the approval of the Accounts, Annual Report, Annual Governance Statement, and the Letter of Representation.

9.3. The Committee shall make necessary recommendations to the Board on areas relating to the appointment, re-appointment and removal of internal auditors and terms.

9.4. The Committee will conduct an annual review of its effectiveness.

Version 1.1

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