



DRAFT TERMS OF REFERENCE AUDITOR PANEL

1. PURPOSE

- 1.1 The Auditor Panel's functions are to advise the Board on the selection and appointment of the External Auditor. This includes:
- 1.2 Agreeing and overseeing a robust process for selecting the External Auditors in line with the organisation's normal procurement rules.
- 1.3 Making a recommendation to the Trust Board [the Board] as to who should be appointed.
- 1.4 Ensuring that any conflicts of interest are dealt with effectively.
- 1.5 Advising the Board on the maintenance of an independent relationship with the appointed External Auditor.
- 1.6 Advising the Board on whether or not any proposal from the External Auditor to enter into a liability limitation agreement as part of the procurement process is fair and reasonable
- 1.7 Advise on (and approve) the contents of the organisation's policy on the purchase of non-audit services from the appointed External Auditor
- 1.8 Advise the Board on any decision about the removal or resignation of the External Auditor.

2 CONSTITUTION

- 2.1 The Trust Board hereby resolves to nominate its Audit Committee to act as its Auditor Panel in line with schedule 4, paragraph 1 of the 2014 Act **[The Local Audit (Auditor Panel Independence) Regulations 2014]**. The Auditor Panel is a Non-Executive Committee of the Board body and has no Executive powers, other than those specifically delegated in these Terms of Reference.

3 RELATIONSHIPS

Conflicts of interest

- 3.1 Conflicts of interests must be declared and recorded at the start of each meeting of the Auditor Panel.
- 3.2 A Register of Auditor Panel members' interests must be maintained by the Panel's Chairperson and submitted to the Board/ Governing Body in accordance with the organisation's existing conflicts of interest policy.
- 3.3 If a conflict of interest arises, the Chairperson may require the affected Auditor Panel member to withdraw at the relevant discussion or voting point.

4. MEMBERSHIP

- 4.1 The Auditor Panel shall comprise the entire membership of the Audit Committee with no additional appointees. In line with the requirements of the *Local Audit (Health Service Bodies Auditor Panel and Independence) Regulations 2015* (regulation 6) each member's independence must be reviewed against the criteria laid down in the regulations.
- 4.2 The Audit Committee Chairperson will be appointed by the Board to Chair the Auditor Panel.
- 4.3 The Auditor Panel Chairperson and/ or members of the panel can be removed in line with rules agreed by the Board (Standing Orders refer).
- 4.4 To be quorate, independent members of the Auditor Panel must be in the majority

5. AUTHORITY

- 5.1 The Auditor Panel is authorised by the Board to carry out the functions specified below and can seek any information it requires from any employees/ relevant third parties. All employees are directed to cooperate with any request made by the Auditor Panel.
- 5.2 The Auditor Panel is authorised by the Board to obtain outside legal or other independent professional advice (for example, from procurement specialists) and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. Any such

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'outside advice' must be obtained in line with the organisation's existing rules (Standing Orders refer).

6. RESPONSIBILITIES

- 6.1 Auditor Panel business shall be identified clearly and separately on the agenda and Audit Committee members shall deal with these matters as Auditor Panel members NOT as Audit Committee members.
- 6.2 The Auditor Panel's Chairperson shall formally state at the start of each meeting that the Auditor Panel is meeting in that capacity and NOT as the Audit Committee.

7. ATTENDANCE

- 7.1 The Auditor Panel's Chairperson may invite Executive Directors and others to attend depending on the requirements of each meeting's agenda. These invitees are not members of the Auditor Panel.

8. REMUNERATION

- 8.1 Payments to Auditor Panel members shall be in line with the organisation's existing approach to remuneration and allowances.

9. REPORTING

- 9.1 The Chairperson of the Auditor Panel must report to the Board on how the Auditor Panel discharges its responsibilities.
- 9.2 The minutes of the Panel's meetings must be formally recorded and submitted to the Board by the Panel's Chairperson. The Chairperson of the Auditor Panel must draw to the attention of the Board any issues that require disclosure to the full Board, or require Executive action.

10. ADMINISTRATION

- 10.1 The organisation's Trust Secretary shall be responsible for organising effective administrative support to the Auditor Panel. The duties of the person appointed to fulfil this role shall include:
- i. Agreement of agendas with the Chairperson;
 - ii. Preparation, collation and circulation of papers in good time;
 - iii. Ensuring that those invited to each meeting attend;
 - iv. Preparation of the minutes and helping the Chairperson to prepare reports to the Board;

- v. Keeping a record of matters arising and issues to be carried forward;
- vi. Arranging meetings for the Chairperson;
- vii. Maintaining records of members' appointments and renewal dates;
- viii. Advising the Auditor Panel on pertinent issues/areas of interest/ policy developments;
- ix. Ensuring that panel members receive the development and training they need;
- x. Providing appropriate support to the Chairperson and panel members.

11. FREQUENCY

- 11.1 The Auditor Panel shall consider the frequency and timing of meetings needed to allow it to discharge its responsibilities but as a general rule will meet on the same day as the Audit Committee.

12. MONITORING AND REVIEW

- 12.1 The Auditor Panel will review its compliance with these Terms of Reference through its annual report to the Trust Board and annual self-evaluation workshop.
- 12.2 The Terms of Reference of the Auditor Panel shall be reviewed by the Auditor Panel and submitted for approval by the Trust Board annually.

Author: Trust Secretary

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Reviewed: Trust Secretary and Head of Financial Services

Date approved at Trust Board meeting: July 2016

Date of next review: Audit Committee (Q1, 2017-18)