

**Audit Committee**  
("the Committee")  
**Terms of Reference**

**A. CONSTITUTION**

The Committee is a Non Executive committee of the Board and has no executive powers, other than those specifically delegated in these Terms of Reference.

**1. Membership**

**1.1.** The Committee shall be appointed by the Board from amongst the Non Executive Directors and Associate Non Executive Directors of the Trust and shall consist of not less than three members. A quorum shall be two members. One of the members will be appointed Chair of the Committee by the Board. The Chair of the Trust shall not be a member of the Committee. All Non Executive Directors may attend meetings of the Audit Committee if they so wish having previously notified the Chair of the Audit Committee.

**1.2** Each member of the Committee shall be financially literate and at least one member shall have recent and relevant financial expertise. The Committee shall ensure that the members receive appropriate training to remain up-to-date with financial reporting and regulatory developments.

**2. Attendance**

**2.1** The Director of Finance and Business Development, and appropriate Internal and External Audit representatives shall normally attend meetings. However at least once a year the Committee should meet privately with the External and Internal Auditors.

**2.2** The Chief Executive and other Executive Directors may be invited to attend, in particular, when the Committee is discussing areas of risk or operation that are the responsibility of that Director.

**2.3** The Chief Executive should be invited to attend, at least annually, to discuss with the Audit Committee the process for assurance that supports the Statement on Internal Control.

**2.4** The Trust Secretary shall be Secretary to the Committee and shall attend to take minutes of the meeting and provide appropriate support, guidance and advice to the Chair and Committee members.

### **3. Frequency**

**3.1** Meetings shall be held not less than three times a year. The External Auditor or Head of Internal Audit may request a meeting if they consider that one is necessary.

### **4. Authority**

**4.1** The Committee is authorised by the Board 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.

**4.2** The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

## **B. DUTIES**

The duties of the Committee can be categorised as follows:

### **1. Governance, Risk Management and Internal Control**

**1.1** The Committee shall review the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the Trust's non clinical activities that supports the achievement of the Trust's objectives.

**1.2** In particular, the Committee will review the adequacy of:

- all non clinical risk and control related disclosure statements, (in particular the Statement on Internal Control), together with any accompanying Head of Internal Audit Statement, External Audit opinion or other appropriate independent assurances, prior to endorsement by the Board;
- the underlying assurance processes that indicate the degree of the achievement of corporate objectives, the effectiveness of the management of principal non clinical risks and the appropriateness of the above disclosure statements;
- the policies for ensuring compliance with relevant non clinical regulatory, legal and code of conduct requirements;

- 1.3** In carrying out this work 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 over-arching systems of integrated governance, risk management and internal control, together with indicators of their effectiveness.
- 1.4** This will be evidenced through the Committee's use of the Trust's Assurance Framework to guide its work and that of the audit and assurance functions that report to it.

## **2. Internal Audit**

- 2.1** The Committee shall ensure that there is an effective internal audit that meets mandatory NHS Internal Audit Standards and provides appropriate independent assurance to the Audit Committee, Chief Executive and Board. This will be achieved by:
- consideration of the provision of the Internal Audit Service, the cost of the audit and any questions of resignation and dismissal;
  - review and approval of the Internal Audit strategy, operational plan and more detailed programme of work, ensuring that this is consistent with the audit needs of the Trust as identified in the Assurance Framework;
  - consideration of the major findings of internal audit work (and management's response), and ensure co-ordination between the Internal and External Auditors to optimise audit resources;
  - monitoring management's actioning of responses;
  - ensuring that the Internal Audit function is adequately resourced and has appropriate standing within the Trust;
  - annual review of the independence and effectiveness of internal audit.

## **3. External Audit**

- 3.1** The Committee shall review the work and findings of the External Auditor appointed by the Governors and consider the implications and management's responses to their work. This will be achieved by:
- consideration of the appointment and performance of the External Auditor with reference to the requirements set out in Monitor's Audit Code for Foundation Trusts;
  - making recommendations to the Governors on the annual appointment of the External Auditors;

- discussion and agreement with the External Auditor, before the 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 Trust and associated impact on the audit fee;
- review all External Audit reports, including agreement of the annual audit letter (if applicable) before submission to the Board and any work carried outside the annual audit plan, together with the appropriateness of management responses;
- monitoring management's actioning of responses;
- annual review of the independence and effectiveness of the External Auditor;

#### **4 Fraud**

**4.1** The Committee shall review the policies and procedures for all work related to fraud and corruption as required by the Counterfraud and Security Management Service. This will be achieved by:

- review of the nature and scope of the annual Local Counter Fraud Specialist plan;
- review of all Local Counter Fraud Specialist reports including management's responses;
- monitoring management's actioning of responses;

#### **5 Finance Directorate**

**5.1** The Committee shall monitor that the systems for financial reporting including those of budgetary control are subject to review as to completeness and accuracy. This will be reviewed by:

- review of outsourcing arrangements and related controls over assets, cash, payroll and procurement;
- review of adequacy of internal resourcing and financial controls;
- review the completeness of financial (non clinical) risk register items and the appropriateness of mitigation actions;

## **6. Other Assurance Functions**

- 6.1 The Committee shall review the findings of any other significant non clinical assurance functions, both internal and external to the Trust and consider the implications to the governance of the Trust.
- 6.2 The Committee shall review the work of other committees within the Trust whose work can provide relevant assurance to the Audit Committee's own scope of work;
- 6.3 The Committee shall maintain close liaison with the Assurance Committee to ensure coverage of all the Trust's clinical and non clinical activities;
- 6.4 The Committee shall review the adequacy of security controls over all non clinical data;
- 6.5 The Committee shall review the adequacy of insurance arrangements in respect of non clinical matters including all asset classes;
- 6.6 The Committee shall review non clinical legal and regulatory compliance and secretarial matters, including major contracts and adherence to service line agreements;

## **7 Management**

- 7.1 The Committee shall request and review reports and positive assurances from directors and managers on the overall arrangements for governance, risk management and internal control.
- 7.2 They may also request specific reports from individual functions within the Trust as they may be appropriate to the overall arrangements.

## **8 Financial Reporting**

- 8.1 The Committee shall review the Annual Report and Financial Statements before submission to the Board, 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 standards, legal and regulatory requirements;
  - unadjusted mis-statements in the financial statements

- major judgmental areas
- significant adjustments resulting from the audit.
- letters of representation

**C. REPORTING TO THE BOARD**

1. The minutes of Audit Committee meetings shall be formally recorded by the Trust Secretary and submitted to the Board. The Chair of the Committee shall draw to the attention of the Board any issues that require disclosure to the full Board, or require executive action.
2. The Committee will report to the Board annually summarizing its activities including its work in support of the Statement on Internal Control, specifically commenting on the fitness for purpose of the Assurance Framework, the completeness and embeddedness of risk management in the Trust, the integration of governance arrangements, the adequacy of the financial controls and reporting and any major internal control breakdown.

**D. OTHER MATTERS**

1. The Committee shall be supported administratively by the Trust Secretary whose duties in this respect will include:
  - agreement of agenda with Chair and attendees and collation of papers
  - taking the minutes and keeping a record of matters arising and issues to be carried forward
  - advising the Committee on pertinent areas.
2. The Committee shall self assess its performance at least annually.
3. The Committee shall review these Terms of Reference at least annually.

**January 2011**

**Assurance Committee**  
("the Committee")  
**Terms of Reference**

**A. CONSTITUTION**

The Committee is a Non Executive Committee of the Board and has no executive powers, other than those specifically delegated in these Terms of Reference.

**1. Membership**

**1.1** The Committee shall be appointed by the Board from amongst the Non Executive Directors of the Trust and shall consist of not fewer than three members. A quorum shall be two members. One of the members will be appointed Chair of the Committee by the Board. The Chair of the Trust shall not be a member of the Committee. Any Non Executives including the Chair may attend meetings of the Committee if they so wish having previously notified the Chair of the Committee.

**1.2** Each member of the Committee shall have appropriate recent relevant experience. The Committee shall ensure that the members receive appropriate training to remain up-to-date with clinical reporting and regulatory developments.

**2. Attendance**

**2.1** The Director of Corporate Services, Medical Director and Director of Nursing and Operational Services shall normally attend meetings. Appropriate deputies may be nominated to attend when necessary and with the approval of the Chair of the Committee.

**2.2** The Chief Executive and other Executive directors may be invited to attend, in particular, when the Committee is discussing areas of risk or operation that are the responsibility of that Director, or to discuss with the Committee the process for assurance that supports the Statement on Internal Control.

**2.3** The Trust Secretary shall be Secretary to the Committee and shall attend to take minutes of the meeting and provide appropriate support, guidance and advice to the Chair and Committee members.

### 3. Frequency

3.1 Meetings shall be held not fewer than four times a year.

### 4. Authority

4.1 The Committee is authorised by the Board 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.

4.2 The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

## B. DUTIES

The duties of the Committee can be categorised as follows:

### 1. Governance, Risk Management and Internal Control

1.1 The Committee shall review the establishment and maintenance of an effective system that supports the achievement of the Trust's objectives in relation to integrated governance, risk management and internal control, across the whole of the Trust's clinical activities.

1.2 The Committee shall maintain an overview of key risks. This will include workforce strategy and training, litigation and policy and process in respect of whistle blowing.

1.3 In particular, the Committee shall:

- Monitor executive structures and process to ensure the Trust fulfils its governance and assurance obligations in the delivery of clinically effective, personal and safe services to:
  - ensure services are developed in accordance with national guidelines, best practice and meet the requirements of external regulators;
  - ensure that appropriate assurance processes and structures are in place to achieve corporate objectives including contractual targets, regulatory reporting and performance management;
  - support the Board in completing the annual Statement on Internal Control;

- ensure that the Trust adopts a culture of learning within the organisation in order to improve the patient experience;
- ensure the Trust provides a safe and appropriate environment for staff, patients and visitors through the identification, analysis, control and effective management and reduction of risk as defined by the Trust Board within its Risk Management and Safety Strategy; and
- maintain robust links with the financial aspects of the Trust's Audit Committee which has responsibility for ensuring an effective system of financial corporate governance, risk management, compliance and internal control across the Trust.

**1.4** The Committee shall review the adequacy of:

- all clinical risk and control related disclosure statements, (in particular the Statement on Internal Control), together with any other appropriate independent assurances, prior to endorsement by the Board;
- the underlying assurance processes that indicate the degree of the achievement of corporate objectives, the effectiveness of the management of principal clinical risks and the appropriateness of the above disclosure statements;  
  
the policies for ensuring compliance with relevant clinical regulatory, legal and code of conduct requirements including major contracts and adherence to service level agreements;
- insurance arrangements in respect of clinical matters.

**1.5** In carrying out this work the Committee will primarily utilise the work of the Clinical Governance and Risk Committee and other assurance functions. It will also seek reports and assurances from directors and managers as appropriate, concentrating on the over-arching systems of integrated governance, risk management and internal control, together with indicators of their effectiveness.

**1.6** This will be evidenced through the Committee's use of the Trust's Assurance Framework to guide its work.

**2. Other Assurance Functions**

**2.1** The Committee shall review the findings of any other significant clinical assurance functions, both internal and external to the Trust and consider the implications to the governance of the Trust;

**2.2** The Committee shall review the Quality Accounts and recommend them to the Trust Board.

- 2.3 The Committee shall review the work of other groups within the Trust whose work can provide relevant assurance to the Committee's own scope of work.
- 2.4 The Committee shall maintain close liaison with the Audit Committee to ensure coverage of all the Trust's clinical and non clinical activities;
- 2.5 The Committee shall maintain close liaison with the Investment Committee to ensure consideration of investments and disinvestments in terms of clinical activities;
- 2.6 The Committee shall review the adequacy of security controls over all clinical data; and
- 2.7 The Committee shall monitor and review external developments and perspectives which can contribute to the proactive management of risk.

### **3. Management**

- 3.1 The Committee shall request and review reports and positive assurances from directors and managers on the arrangements for governance, risk management and internal control.
- 3.2 They may also request specific reports from individual functions within the Trust as they may be appropriate to the overall arrangements.

### **C. REPORTING TO THE BOARD**

- 1. The minutes of Assurance Committee meetings shall be formally recorded by the Trust Secretary and submitted to the Board. The Chair of the Committee shall draw to the attention of the Board any issues that require disclosure to the full Board, or require executive action.
- 2. The Committee will report to the Board annually summarising its activities including its work in support of the Statement on Internal Control, specifically commenting on the fitness for purpose of the Assurance Framework, the completeness and integration of risk management in the Trust, the integration of governance arrangements and any major internal control breakdown.

**E. OTHER MATTERS**

1. The Committee shall be supported administratively by the Trust Secretary whose duties in this respect will include:
  - agreement of agenda with Chair and attendees and collation of papers;
  - taking the minutes and keeping a record of matters arising and issues to be carried forward; and
  - advising the Committee on pertinent areas.
2. The Committee shall self assess its performance at least annually.
3. The Committee shall review these Terms of Reference at least annually.

**January 2011**

## **Investment Committee** ("the Committee") **Terms of Reference**

### **1. Introduction**

1.1 The Investment Committee ("the Committee") is constituted as a standing Sub Committee of the Hampshire Partnership NHS Foundation Trust ("the Trust") Board of Directors ("the Board"). Its constitution and terms of reference are set out herein and shall be subject to amendment, from time to time, as agreed by the Board.

1.2 The Committee is authorised by the Board to request the attendance of individuals and authorities from outside the Trust, with relevant experience and expertise, as and when this is considered necessary or desirable.

### **2 Aim**

2.1 The Committee shall conduct objective reviews of financial growth and investment policy issues and individual investments of a value above specified limits. The reviews will be underpinned by the Trust's Risk Appetite, and Financial Strategy and Investment Criteria.

### **3 Risk Appetite**

3.1 As a Trust responsible for the proper and prudent management of public monies, and the management of Mental Health, Learning Disabilities, Social Care and Community services, the Trust:

- takes minimal risk with quality, patient experience and regulatory compliance;
- is cautious on matters affecting its reputation; and
- has a greater appetite, in a controlled environment, maintaining the Trust's financial viability, for risk when pursuing new service developments having regard to those who meet the cost of services.

### **4 Scope of the Committee**

4.1 The scope of the Committee is agreed as being:-

- To establish the overall methodology, processes and controls which govern investments;
- Consider acquisitions, investments, joint ventures and similar transactions relevant to the Trusts vision and strategy;
- Consider the Trust's medium-term financial strategy, for investments in relation to Treasury functions, Cash and associated risks:

- Review proposals for major business cases and their respective funding sources, including major disinvestments and their loss of earnings, prior to submission to the Board.
- Ensure that EBITDA% proposals are validated in the event of no/low/negative projections even where below the specified limit threshold limit.
- Monitor the performance of completed transactions;

## **5 Reporting**

- 5.1 The minutes of all meetings shall be formally recorded by the Trust Secretary and the Committee will report regularly on its activities and findings to the Board.

## **6 Review**

- 6.1 These Terms of Reference shall be reviewed by the Board at least annually.

## **7 Membership and Attendance**

- 7.1 The members are the Chair of the Investment Committee (who shall be a Non Executive Director) and two other Non-Executive Directors, (who shall not be the Chair of the Audit Committee), the Chief Executive or the Director of Nursing and Operational Services, the Director of Finance and Business Development and the Director of Corporate Services.
- 7.2 The Committee may invite Directors of Operations and other Trust staff to attend its meetings as appropriate. It will also invite independent external advisors as required, subject to the size and complexity of the investment.

## **8 Quorum**

- 8.1 Business shall not be transacted at meetings of the Committee unless at least three members are present, including at least one Non-Executive Director.

## **9 Frequency of meetings**

- 9.1 Meetings shall be held at least bi-monthly, with additional ad hoc meetings as deemed necessary.

**January 2011**

## **Remuneration Committee**

(“the Committee”)

### **Terms of Reference**

#### **1. Introduction**

- 1.1 These Terms of Reference are intended to comply with the guidance on Codes of Conduct and Accountability issued with Executive Letter EL(94)40 and subsequent advice from the NHS Executive. They cover the functions and composition of the Committee, its relationship with the Board and aspects of its practice.

#### **2. Remit of the Committee**

- 2.1 The Terms of Reference for the Committee should be read in conjunction with those of the Trust Board. The Committee will have the delegated power to act on behalf of the Board in making decisions upon the remuneration and terms of service for the Chief Executive and other Executive Directors. These decisions will cover all aspects of salary, including performance-related elements or bonuses (if applicable), the provisions for other benefits, the approval of arrangements for termination of employment and other major contractual terms.
- 2.2 The Committee will approve the framework within which the Chief Executive will decide upon the remuneration and terms of service for other senior managers accountable either to the Chief Executive or to an Executive Director (referred to below as “other top managers”). Additionally the Committee will approve the framework within which the Chief Executive may make significant compensation payments in relation to individual employment termination arrangements.

#### **3. Main Functions of the Committee**

- 3.1 The Committee will undertake the following main functions:-
- determine the remuneration and terms of service of Executive Directors, to ensure that they are fairly rewarded for their individual contribution to the organisation;
  - approve the framework for remuneration and terms of service of other top managers, and in particular to oversee the inter-relationship between this framework and the pay and conditions of Executive Directors;
  - ensure that the performance of Executive Directors is monitored and evaluated, to include leadership competencies and capabilities;
  - ensure appropriate retention and talent management for Executive Directors and other top managers;

- oversee contractual arrangements for Executive Directors, and other top managers, including termination payments and arrangements (in accordance with Trust policies); in particular where there is a significant level of compensation (as defined in the Trust's Decision Rights Document) required, or potentially required, to end the employment of an individual;
- oversee the arrangements regarding any locally-determined terms and conditions of service having regard to the principles of corporate governance (i.e. openness, fairness and probity) and the overall affordability within the Trust budget.

#### **4. Relationship with the Trust Board**

- 4.1 The Board will receive reports from the Committee at least once per year to satisfy itself that the Committee is discharging its functions.
- 4.2 The Board retains overall accountability for the performance of the Committee in accordance with the Code of Accountability for NHS Boards.

#### **5. Composition and Conduct of the Committee**

- 5.1 The Committee will comprise the Chair and all Non-executive Directors. The Chief Executive and other Executive Directors will not be present for discussion relating to their personal remuneration and terms of service. The Chief Executive will take part in discussion of other Executive Directors' terms, and Executive Directors may be invited to attend as necessary.

#### **6. Policy**

- 6.1 The Committee's decisions will take due account of the requirement regarding governance of Foundation Trusts and national policy guidance issued in 1991 by the Minister for Health, including:
- remuneration packages must be such as to enable people of appropriately high ability to be recruited, retained and motivated – within levels of affordability;
  - all NHS bodies are parts of the public sector and what they do, including the pay of their employees, must be publicly defensible;
  - a properly defensible remuneration package requires a clear statement of responsibilities with rewards linked to their measurable discharge; and
  - wherever possible it will be advisable to seek independent advice about pay structures and the state of the market for the kind of managers to be recruited – including consultation with neighbouring NHS bodies.

**7. Practice**

7.1 The Chair of the NHS Trust will also be the Chair of this Committee.

7.2 Meetings will be convened by the Chair and will take place at least four times per year following the annual cycle below:

<b>Month of meeting</b>	<b>Topic for discussion</b>
January	<ul style="list-style-type: none"> <li>• Review of external market from consultant</li> <li>• Briefing on other trends from consultant</li> <li>• Preliminary debate on basic salary increases</li> </ul>
March	<ul style="list-style-type: none"> <li>• Discussion on performance of Executive Directors</li> <li>• Final decisions on basic salary increases for Executive Directors and parameters for other top managers</li> <li>• Preliminary debate on performance payments for Executive Directors for old year</li> </ul>
May	<ul style="list-style-type: none"> <li>• Decisions on performance payments for Executive Directors for old year</li> <li>• Finalise targets and payment levels for new year's performance plan</li> </ul>
October	Review: <ul style="list-style-type: none"> <li>• Committee's effectiveness</li> <li>• Effectiveness of external and internal advice</li> <li>• Effectiveness of remuneration policy frameworks</li> <li>• Objectives and measures for annual performance plan</li> </ul>

7.3 The quorum for meetings of the Committee will be the Chair or Vice-Chair and at least two other Non-executive Directors.

7.4 The Director of Human Resources will keep the Remuneration Committee fully informed of all new employment legislation, Government guidance and circulars; Trust policies and any other matters relating to remuneration issues for Trust staff in order for the Committee to give an independent decision on such subjects.

7.5 In making decisions, the Committee will ensure that it has mechanisms to provide:

- clear statements of the responsibilities and accountabilities of the individual posts;
- a means of assessing the comparative weights of the jobs concerned; and
- comparative salary information from the NHS, other public sector organisations and other industrial and service organisations.

7.6 The Committee will oversee the action taken upon the performance reviews of the staff within its remit.

## **Charitable Funds Committee**

(“the Committee”)

### **Terms of Reference**

#### **1. Membership**

- 1.1 The Committee shall comprise a minimum of two Non-Executive Directors and one Executive Director of the Trust Board, one of whom shall act as Chair of the Committee.
- 1.2 All members of the Trust Board shall have the right to attend Committee meetings ex officio.
- 1.3 If the Director of Finance and Planning is not the Executive Director, he or she and one of the Senior Managers shall attend Committee meetings as required but shall not be members of the Committee.

#### **2. Functions**

- 2.1 The prime functions of the Committee shall be:
  - a) to monitor the performance of the stockbrokers and to consider whether any action is required;
  - b) to monitor the level of funds held and to make recommendations to the Trust Board if action is required;
  - c) to receive proposals for major expenditure (ie projects costing approximately £5,000 or more) in the forthcoming year;
  - d) to receive an income and expenditure report for each fund at each meeting;
  - e) to approve and monitor an overall expenditure policy that sets the pace at which funds may be extinguished;
  - f) to develop and approve policies for investment of Charitable Funds.
- 2.2 The Committee shall have no power to make decisions but will make recommendations to the Trust Board if it feels that action is necessary.

#### **3. Conduct of Business**

- 3.1 Meetings of the Committee shall be held at least twice in each financial year. The Director of Finance and Planning shall be responsible for convening meetings and agreeing the agenda in consultation with the Chair of the Committee. He (or she) shall act as Secretary to the Committee.
- 3.2 The quorum for meetings of the Committee shall be two members.
- 3.3 Minutes of the meetings will be presented to the Trust Board. In view of the frequency of meetings, it is likely that draft minutes will be presented, to ensure the Board is kept up to date.

**January 2011**