



The Whittington Hospital NHS Trust

INTERNAL AUDIT SERVICE

TERMS OF REFERENCE

1.0 Definition of Internal Audit

- 1.1 Internal audit primarily provides an independent and objective opinion to the Accountable Officer, the Board and the Audit Committee on the degree to which risk management, control and governance support the achievement of the organisation's agreed objectives.
- 1.2 Internal audit also provides an independent and objective consultancy service specifically to help line management improve the organisation's risk management, control and governance. The service applies the professional skills of internal audit through a systematic and disciplined evaluation of the policies, procedures and operations that management put in place to ensure the achievement of the organisation's objectives, and through recommendations for improvement.

(Source: Department of Health 'Internal Audit Standards for the National Health Service', July 2002)

2.0 Independence

- 2.1 Internal audit must be sufficiently independent of the activities which it audits to enable auditors to perform their duties in a manner which facilitates impartial and effective professional judgements and recommendations. To facilitate this it is the policy of the Trust to contract with external organisations capable of supplying a full internal audit service.
- 2.2 The Trust will award such contracts based on open competition for fixed periods to be determined by the Audit Committee.

3.0 Resources

- 3.1 To ensure the independence of the Internal Audit function the Director of Finance shall allocate for internal audit a budget sufficient to allow the completion of the annual programme of internal audit work agreed by the Audit Committee.

4.0 Head of internal audit

- 4.1 The Trust is required to appoint a Head of Internal Audit, who should be of sufficient status to facilitate the effective discussion and negotiation of the results of internal audit work with senior management in the Trust. This will be a senior member of the organisation contracted (as above). The Head of Internal Audit shall hold an appropriate professional qualification.

Responsibilities and Objectives

5.0 Relationship with Accountable Officer, Board and Audit Committee

- 5.1 Internal audit is primarily a service to the Chief Executive in the role of Accountable Officer. The general management of the agreed internal audit programme is delegated to the Director of Finance.



- 5.2 Internal audit's relationship with the Board will normally be via the Audit Committee, which should receive regular progress reports and a formal annual report from the Head of Internal Audit.
- 5.3 The Head of Internal Audit should provide a written report to the Accountable Officer timed to support the Statement on Internal Control to be included in the Trust's annual accounts.
- 5.4 The Head of Internal Audit should attend Audit Committee meetings unless, exceptionally the Audit committee decides that he/she should be excluded from either the whole meeting or for particular agenda items. The reason for any such exclusion should be made known to the Accountable Officer.
- 5.5 The Head of Internal Audit has a standing right of access to the Chairman of the Audit Committee.
- 6.0 Relationships with management**
- 6.1 Co-operative relationships with line management enhance the ability of internal audit to achieve its objectives effectively. Audit work should be planned in conjunction with management as far as possible, particularly in respect of the timing of audit work (except where unannounced visits are essential to the achievement of the audit objectives).
- 7.0 Relationships with external auditors**
- 7.1 Internal audit should seek to meet regularly with the External Auditor to consult on audit plans, discuss matters of mutual interest, and to seek opportunities for co-operation in the conduct of audit work.
- 8.0 Right of access to information**
- 8.1 The Trust guarantees the right to Internal Audit to access to all records, assets, personnel and premises, and gives it the authority to obtain such information as it considers necessary to fulfil its responsibilities.
- 9.0 Staffing**
- 9.1 The Head of Internal Audit is responsible for ensuring that there is access to the full range of knowledge, skills, qualifications and experience to deliver the agreed audit plan within the constraint of the agreed internal audit fee.
- 10.0 Review of Terms of Reference**
- 10.1 Once agreed these Terms of Reference should be reviewed annually by the Audit Committee.