



Independent auditor's report

to the Council of Governors of South East Coast Ambulance Service NHS Foundation Trust

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1. Our opinion is unmodified

We have audited the financial statements of South East Coast Ambulance Service NHS Foundation Trust ("the Trust") for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows, and the related notes, including the accounting policies in note one.

In our opinion:

- the financial statements give a true and fair view of the state of the Trust's affairs as at 31 March 2020 and of its income and expenditure for the year then ended; and
- the Trust's financial statements have been properly prepared in accordance with the Accounts Direction issued under paragraphs 24 and 25 of Schedule 7 of the National Health Service Act 2006, the NHS Foundation Trust Annual Reporting Manual 2020 and the Department of Health and Social Care Group Accounting Manual 2020.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Trust in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Overview

Materiality: £4.8m (2019:£4.4m)
financial statements as a whole 2% (2019: 2%) of revenue

Risks of material misstatement vs 2019

Recurring risks		
Valuation of land and buildings		◀▶
Expenditure recognition		◀▶
Revenue recognition		◀▶

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows

	The risk	Our response
<p>Valuation of land and buildings</p> <p>£35.1m (2019: £35.6m)</p> <p><i>Refer to page 196 Annual report (Audit Committee Report), page 16 (accounting policy) and page 34 (financial disclosures)</i></p>	<p>Subjective valuation</p> <p>Land and buildings are required to be maintained at up to date estimates of year-end market value in existing use (EUV) for non- specialised property assets in operational use, and, for specialised assets where no market value is readily ascertainable, the depreciated replacement cost (DRC) of a modern equivalent asset that has the same service potential as the existing property (MEAV).</p> <p>There is significant judgement involved in determining the appropriate basis (EUV or MEAV) for each asset according to the degree of specialisation, as well as over the assumptions made in arriving at the valuation, such as the condition of the asset.</p> <p>The Trust's accounting policy requires revaluations of land and buildings to be performed with sufficient regularity, and at a minimum every five years, to ensure that carrying values are not materially different from those that would be determined at the end of the reporting period.</p> <p>The Trust holds land assets with a value of £5.93m and buildings with a value of £29.2m as at 31 March 2020.</p> <p>The last full revaluation took place as at 31 March 2017. The Trust has performed its own desktop review for the year ended 31 March 2020 taking into account published indices and movements over the period since the last full revaluation as well as known changes to the estates through additions, disposals and capital improvement works.</p> <p>Valuations are inherently judgmental therefore our work focused on whether the Trust's methodology and assumptions were appropriate and correctly applied.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> — Methodology choice: We assessed the assumptions applied by management in developing the valuation for the Trust's land and buildings to assess their appropriateness. — Methodology choice; We considered the revaluation basis and assessed the adequacy of the valuation index and benchmarks used by the Trust. — Test of detail: We considered the impairment assessment completed by the Trust regarding its land and buildings. — Test of detail: We considered the appropriateness of the accounting treatment applied by the Trust when recognising revaluation movements. — Test of detail: We considered the appropriateness of the classification of assets groupings and how this impacted on the application of valuation index and benchmarks used by the Trust. <p>Our findings</p> <p>We found the resulting valuation of land and buildings to be balanced. This is consistent with our prior year findings.</p>

	The risk	Our response
<p>Recognition of non-pay operating expenditure and accruals</p> <p>£250.1m (2019: £245.7m)</p> <p><i>Refer to page 196 Annual report (Audit Committee Report), page 15 (accounting policy) and page 27 (financial disclosures)</i></p>	<p>Effects of irregularities</p> <p>As most public bodies are net spending bodies, then the risk of material misstatement due to fraud related to expenditure recognition is considered as significant a risk as that of the fraud related to revenue recognition. There is a risk that the Trust may manipulate expenditure to meet externally set targets and we had regard to this when planning and performing our audit procedures.</p> <p>Expenditure with NHS England and other NHS organisations is captured through the (AoB) exercise performed at the year end which confirms amounts paid and owed. Mismatches in expenditure and payables are identified by the Trust and its counterparties that require review and resolution. Mismatches that cannot be resolved may result in an adjustment or may be formally disputed.</p> <p>This risk does not apply to all expenditure in the period. The incentives for fraudulent expenditure recognition relate to achieving financial targets and the key risks relate to the appropriate recognition of creditors and accrued non-pay expenditure at year-end.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> — Test of controls: We tested controls over segregation of duties between those responsible for monitoring budgets and those responsible for preparing the financial statements; — Tests of detail: We inspected sample of expenditure in the February to June 2020 bank statements to agree these had been accounted for correctly; — Tests of detail: We considered year-end processes to assess that expenditure has been reflected in the correct period; — Tests of detail: We agreed a sample of accrual balances to supporting documentation and post year- end cash payments to agree the correct treatment as a accrual at year-end; — Tests of detail: We reviewed the minutes of the Remuneration Committee (a sub-committee of the Board) and confirmed that senior staff are not remunerated based upon financial or operational results; — Tests of detail: We inspected confirmations of balances provided by the Department of Health as part of the Agreement of Balances (AoB) exercise and compared the relevant payables recorded in the Trust's financial statements to the receivables balances recorded within the accounts of commissioners or other providers. Where applicable we investigated variances and reviewed relevant correspondence to assess the reasonableness of the Trust's approach to recognising expenditure to commissioners or other providers. <p>Our findings</p> <p>We found the resulting estimates made by the Trust in relation to non-pay operating expenditure and accruals to be balanced. This is consistent with our prior year findings.</p>

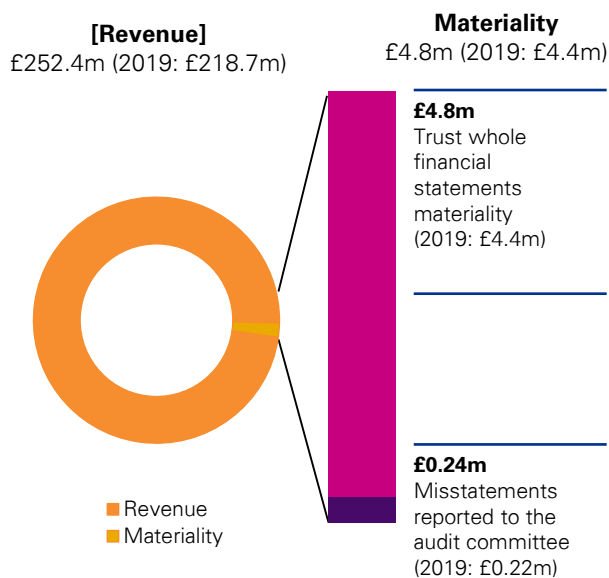
Revenue recognition	The risk	Our response
<p>Revenue from patient activity - £246.7m (2019: £226m)</p> <p>Refer to page 196 Annual report (Audit Committee Report), page 15 (accounting policy) and page 26 (financial disclosures)</p>	<p>Effects of irregularities</p> <p>The main source of income for the Trust is the provision of health care services to the public under contracts with NHS commissioners which make up 98% of income from activities (2019: £96%)</p> <p>Income from NHS England and commissioners (CCGs) is captured through the (AoB) exercise performed at the year end which confirms amounts received and owed. Mismatches in income and receivables are identified by the Trust and its counterparties that require review and resolution. Mismatches that cannot be resolved may result in an adjustment or may be formally disputed.</p> <p>In 2019/20 the Trust secured £1.8m of Provider Sustainability Funding (PSF) for achieving financial performance targets. In addition the Trust reported total other income of £3.9m (2019: £3.9m).</p> <p>We do not consider income to be at high risk of significant misstatement, or to be subject to significant judgement. However due to its materiality in the context of the financial statements, reported financial performance and as a whole both NHS and non-NHS income is considered to be one of the areas that has the greatest effect on our overall audit strategy and where we have allocated resources in planning and completing our audit.</p>	<p>Our procedures included:</p> <p>Tests of detail:</p> <ul style="list-style-type: none"> — We agreed a sample of the NHS income recorded in the financial statements to the signed contracts in place with key commissioners; — We agreed a sample of invoices to confirm they had been issued in line with the two lead commissioner contracts signed with key commissioners in relation to 999 and 111 services which accounted for 96% of NHS income; — We obtained third party confirmations from commissioners through the AoB exercise and compared the values they are disclosing within their financial statements to the value of income and receivables captured in these financial statements; — We sample tested non-NHS income by agreeing to invoices and subsequent receipt of funds; — We agreed receivables to post year-end cash receipts, supporting invoices and other documentation. This included testing the assumptions made by the Trust in respect of income due that was based on meeting agreed performance targets or KPIs with commissioners and ensuring any fines or deductions have been taken into account; — We confirmed that the approach to impairing receivables was in line with the Trust's accounting policies, and that the Trust's judgement for the level of provision is appropriate; and — We reviewed the Trust's calculation of performance against the financial and operational targets used in determining receipt of PSF to determine the amount the Trust qualified to receive. <p>Our findings</p> <p>We found the resulting income recognition made by the Trust in relation to NHS and Non-NHS income to be balanced. This is consistent with our prior year findings.</p>

3. Our application of materiality

Materiality for the Trust financial statements as a whole was set at £4.8m (2019: £4.4 m), determined with reference to a benchmark of revenue (of which it represents approximately 2%) (2019: £2%). We consider revenue to be more stable than a surplus- or deficit-related benchmark.

We agreed to report to the Audit Committee any corrected and uncorrected identified misstatements exceeding £0.24m (2019:£0.22m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Trust was undertaken to the materiality level specified above and was all performed at the Trust's headquarters in Gatwick.



4. We have nothing to report on going concern

The Accounting Officer has prepared the financial statements on the going concern basis as they have not been informed by the relevant national body of the intention to dissolve the Trust without the transfer of its services to another public sector entity. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Accounting Officer's conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Trust will continue in operation.

Based on this work, we are required to report to you if we have anything material to add or draw attention to in relation to the Accounting Officers statement in Note [X] to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Trust's use of that basis for a period of at least twelve months from the date of approval of the financial statements.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

5. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

In our opinion the other information included in the Annual Report for the financial year is consistent with the financial statements

Remuneration report

In our opinion the part of the remuneration report to be audited has been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2020.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for stakeholders to assess the Trust's position and performance, business model and strategy; or
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- the Annual Governance Statement does not reflect the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual 2020 is misleading or is not consistent with our knowledge of the Trust and other information of which we are aware from our audit of the financial statements.

We have nothing to report in these respects.

6. Respective responsibilities

Accounting Officer's responsibilities

As explained more fully in the statement set out on page 1, the Accounting Officer is responsible for the preparation of financial statements that give a true and fair view. They are also responsible for: such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Trust without the transfer of its services to another public sector entity

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

We have nothing to report on the statutory reporting matters

We are required by Schedule 2 to the Code of Audit Practice issued by the Comptroller and Auditor General ('the Code of Audit Practice') to report to you if:

- any reports to the regulator have been made under Schedule 10(6) of the National Health Service Act 2006.
- any matters have been reported in the public interest under Schedule 10(3) of the National Health Service Act 2006 in the course of, or at the end of the audit.

We have nothing to report in these respects.

We have nothing to report in respect of our work on the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources

Under the Code of Audit Practice we are required to report to you if the Trust has not made proper arrangement for securing economy, efficiency and effectiveness in the use of resources.

We have nothing to report in this respect.

Respective responsibilities in respect of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources

The Trust is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources

Under Section 62(1) and Schedule 10 paragraph 1(d), of the National Health Service Act 2006 we have a duty to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources .

We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2017, as to whether the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. We planned our work in accordance with the Code of Audit Practice and related guidance. Based on our risk assessment, we undertook such work as we considered necessary.

Report on our review of the adequacy of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required by guidance issued by the C&AG under Paragraph 9 of Schedule 6 to the Local Audit and Accountability Act 2014 to report on how our work addressed any identified significant risks to our conclusion on the adequacy of the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources. The 'risk' in this case is the risk that we could come to an incorrect conclusion in respect of the Trust's arrangements, rather than the risk of the arrangements themselves being inadequate.

We carry out a risk assessment to determine the nature and extent of further work that may be required. Our risk assessment includes consideration of the significance of business and operational risks facing the Trust, insofar as they relate to 'proper arrangements'. This includes sector and organisation level risks and draws on relevant cost and performance information as appropriate, as well as the results of reviews by inspectorates, review agencies and other relevant bodies.

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Council of Governors of the Trust, as a body, in accordance with Schedule 10 of the National Health Service Act 2006 and the terms of our engagement by the Trust. Our audit work has been undertaken so that we might state to the Council of Governors of the Trust, as a body, those matters we are required to state to them in an auditor's report, and the further matters we are required to state to them in accordance with the terms agreed with the Trust, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors of the Trust, as a body, for our audit work, for this report, or for the opinions we have formed.

CERTIFICATE OF COMPLETION OF THE AUDIT

We certify that we have completed the audit of the accounts of South East Coast Ambulance Service NHS Foundation Trust for the year ended 31 March 2020 in accordance with the requirements of Schedule 10 of the National Health Service Act 2006 and the Code of Audit Practice issued by the National Audit Office.



Fleur Nieboer
for and on behalf of KPMG LLP

Chartered Accountants
15 Canada Square
London
E14 5GL
24 June 2020

South East Coast Ambulance Service NHS Foundation Trust

Audit & Risk Committee (AuC)

Terms of Reference

1. Constitution

1.1. The Board hereby resolves to establish a Committee of the Board to be known as the Audit & Risk Committee (AuC), referred to in this document as 'The Committee'.

2. Purpose

2.1. The purpose of the Committee is to provide the Trust with a means of independent and objective review of internal control over the following key areas:

- Financial systems
- The information used by the Trust
- Assurance Framework systems
- Performance and Risk Management systems
- Compliance with law, guidance and codes of conduct

2.2. In undertaking such review, the Committee provides assurance to the Chief Executive and to the Board about fulfilment of the responsibility of the Trust's Accounting Officer, who under the terms of the National Health Service Act 2006 is held responsible to Parliament by the Public Accounts Committee for the overall stewardship of the organisation and the use of its resources.

3. Membership

3.1. The Committee shall have at least three members, to include the Chairs of the other Board committees appointed by the Board from amongst the independent Non-Executive Directors of the Trust.

3.2. The Chairman of the Trust shall not be a member.

3.3. One of the members with recent and relevant financial experience shall be appointed Chair of the Committee by the Board.

3.4. Current members:

- Michael Whitehouse, Independent Non-Executive Director (Chair)
- Al Rymer, Independent Non-Executive Director - ARC
- Howard Goodbourn, Independent Non-Executive Director - FIC
- Laurie McMahon, Independent Non-Executive Director - WWC
- Tricia McGregor, Independent Non-Executive Director - QPS

In addition, each Independent Non-Executive Director (save the Chairman) will be an ex-officio member of the committee.

4. Quorum

4.1. The quorum necessary for formal transaction of business by the Committee shall be two Independent Non-Executive Directors.

5. Attendance

5.1. In addition to the members, the following individuals shall regularly attend meetings of the Committee:

- Chief Executive
- Executive Director of Finance & Corporate Services
- Executive Director of Nursing & Quality
- Company Secretary
- Internal Auditor
- External Auditor
- Counter Fraud

5.2. The Chairman and organisational managers and officers may be invited to attend meetings for specific agenda items or when issues relevant to their area of responsibility are to be discussed.

5.3. Officers unable to attend a meeting are required to send a fully briefed deputy or provide a written update to the Committee members at least two working days beforehand.

5.4. The Chair of the Committee will follow up any issues related to the unexplained non-attendance of members. Should non-attendance jeopardise the functioning of the Committee the Chair will discuss the matter with the members and if necessary seek a substitute or replacement.

5.5. Attendance at Committee meetings will be disclosed in the Trust's Annual Report and Accounts.

6. Frequency

6.1. The frequency of meetings will be agreed at the start of each financial year, ensuring the committee meets at least four times a year. Extraordinary meetings may be called by the committee chair in addition to those agreed, to discuss and resolve any critical issues arising.

6.2. At least once a year the Committee shall meet privately with the External and Internal Auditors. The External Auditor or the Internal Auditor may request a private meeting if they consider this to be necessary.

6.3. Meeting dates will be diarised on a yearly basis.

7. Telephone Conference

7.1. With leave of the Chair of the Committee, any member or attendee of the Committee may participate in a meeting of the Committee by means of a teleconference/videoconference where circumstances require it or similar communications equipment whereby all persons participating in the meeting can hear each other and participation in the meeting in this manner shall be deemed to constitute presence in person at such meeting.

8. Authority

8.1. The Committee has no executive powers. It is authorised to seek and scrutinise assurances that Trust's the system of internal control is designed well and operating effectively. The committee will seek assurance from sources and systems including the frontline operations, corporate services and from external independent sources such as peer review; internal audit, local counter fraud service, external audit and others, including legal or other professional advice when required.

8.2. The Committee is authorised by the Board to investigate any action within its Terms of Reference. It is authorised to seek any information it requires from any employee and all employees are directed to cooperate with any request made by the Committee.

8.3. 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 necessary. It may challenge the reports and duties of other Committees to ensure due and robust business processes are in place.

9. Duties

9.1. The subject matter for meetings will be wide-ranging and varied but in particular it will cover the following:

9.2. Governance, Risk Management and Internal Control

9.2.1. 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 activities (both clinical and non-clinical) that supports the achievement of the Trust's objectives.

9.2.2. In carrying out this work, the Committee shall primarily utilise the work of Internal Audit, External Audit and other assurance functions, but shall not be limited to these audit functions. It may seek reports and assurances from directors and managers as appropriate. The Committee may also take assurances from work undertaken by other established committees of the Trust Board.

9.2.3. Reviews by the Committee shall concentrate on the overarching systems of integrated governance, risk management and internal control, together with indicators of their effectiveness. This shall be evidenced through the Committee's use of an effective Assurance Framework to guide its work and the work of the audit and assurance functions that report to it. In particular, the Committee shall review the adequacy of:

- i. All risk and control related disclosure statements (in particular the Annual Governance Statement), together with any accompanying Head of Internal Audit opinion, External Auditor's opinion or other appropriate independent assurances, prior to endorsement by the Board;
- ii. The underlying assurance processes that indicate the degree of the achievement of corporate objectives, the effectiveness of the management of principal risks (including through review of the Risk Register and Board Assurance Framework) and the appropriateness of the above disclosure statements;
- iii. The processes for ensuring compliance with relevant regulatory, legal and code of conduct requirements;
- iv. The policies and procedures for all work related to fraud, corruption and security management as set out in the NHS Standard Contract which requires providers to put in place appropriate arrangements for counter fraud and as required by NHS Protect;
- v. The Trust's whistleblowing policy(s) so test that arrangements are in place for proportionate and appropriate investigation;
- vi. The Trust's Standing Orders, Standing Financial Instructions and Scheme of Delegation.

9.3. Internal Audit

9.3.1. The Committee shall ensure that there is an effective Internal Audit function established by management that meets mandatory Public Sector Internal Audit standards and provides appropriate independent assurance to the Committee, Chief Executive and Board. This shall be achieved by:

- vii. Consideration of the provision of the Internal Audit service, the cost of the service and any questions of resignation and dismissal;
- viii. 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;
- ix. 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;

x. Ensuring that the Internal Audit function is adequately resourced and has appropriate standing within the organisation;

xi. Annual review of the effectiveness of Internal Audit.

9.4. External Audit

9.4.1. The Committee shall review the work and findings of the External Auditor appointed by the Council of Governors and consider the implications and management's responses to their work. This shall be achieved by:

xii. Consideration of the appointment and performance of the External Auditor in so far as compliance with governance codes permits;

xiii. Making a recommendation to the Council of Governors on the appointment, reappointment or removal of the External Auditor; and if the Council of Governors does not accept the Committee's recommendation, ensuring that the Board includes in the annual report a statement from the Committee explaining its recommendation and setting out reasons why the position of the Council of Governors was different;

xiv. Discussion and agreement with the External Auditor, before audits commence, about the nature and scope of the audit ensuring coordination, as appropriate, with other External Auditors in the local health economy;

xv. Discussion with the External Auditor concerning assessment of the Trust with regard to locally evaluated risks, and the associated impact on the audit fee;

xvi. Reviewing all External Audit reports, including agreement of the ISA 260 before submission to the Trust Board and any work carried outside the annual audit plan, together with the appropriateness of management responses.

9.5. Financial Reporting

9.5.1. The Committee shall ensure that 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.

9.5.2. The Committee shall review the Annual Report and Financial Statements before submission to the Board, focusing particularly on:

xvii. The wording of the Annual Governance Statement and other disclosures relevant to the Terms of Reference of the Committee;

xviii. Changes in, and compliance with, accounting policies and practices;

xix. Unadjusted mis-statements in the Financial Statements;

xx. Major judgemental areas;

xxi. Significant adjustments resulting from audit.

9.6. Other Assurance Functions

9.6.1. The Audit Committee shall review the findings of other significant assurance functions, both internal and external to the organisation, and consider any implications for the governance of the organisation.

9.6.2. These shall include, but shall not be limited to, consideration of any reviews by Department of Health arms length bodies, regulators or inspectors (e.g. NHSI, Care Quality Commission, NHS Resolution etc.), or professional bodies with responsibility for the performance of staff or functions (e.g. Royal Colleges, accreditation bodies, etc.).

9.6.3. In addition, the Committee shall review the output of other committees established by the Board, whose work can provide relevant assurance to the Committee's own scope of work.

10. Reporting

10.1. The Committee shall be directly accountable to the Trust Board. The Chair of the Committee shall report a summary of the proceedings of each meeting at the next meeting of the Board and draw to the attention of the Board any significant issues that require disclosure.

11. Support

The Company Secretary is responsible for ensuring appropriate administrative support is provided to the committee. The support provided by the person(s) identified by the Company Secretary will include the planning of meetings, setting agendas, collating and circulating papers, taking minutes of meetings, and maintaining records of attendance for reporting in the Trust's Annual Report.

12. Review

12.1. The Committee will undertake a self-assessment at the end of each meeting to review its effectiveness in discharging its responsibilities as set out in these Terms of Reference.

12.2. The Committee shall review its own performance and Terms of Reference at least once a year to ensure it is operating at maximum effectiveness. Any proposed changes shall be submitted to the Board for approval.

VERSION CONTROL SCHEDULE

Version no.	Date approved by committee as fit for purpose	Date ratified by the Board so that it comes into force	Main revisions from previous version.
1.0		March 2016	
1.1		May 2018	<ol style="list-style-type: none"> 1. Amend to Audit and Risk 2. Included members 3. Amended attendees 4. Quorum from 3 to 2 NEDs to reflect other committees. 5. Authority section to be consistent with other committees 6. Amended the admin support arrangements 7. Included review from every 2 years to annually to be consistent with other committees
2.1		23 May 2019	Updated membership and revised wording on frequency.
2.2			Updated membership Minor revision to section 9 – to remove the specificity of who will provide administrative support.

Audit & Risk Committee	Executive Lead	21 May 2020	16 July 2020	10 Sep 2020	03 Dec 2020	11 March 2021
ADMINISTRATION						
Apologies	Chair	√	√	√	√	√
Declarations of Interests	Chair	√	√	√	√	√
Minutes	Chair	√	√	√	√	√
Action Log	Chair	√	√	√	√	√
Next Meeting Agenda / Forward Look	Chair	√	√	√	√	√
Meeting Effectiveness	Chair	√	√	√	√	√
FINANCIAL STATEMENTS & THE ANNUAL REPORT						
Annual Report & Accounts -External Audit Report -ISA260 Report (Audit Highlights Memo) -Management Representations Letter on the financial statements -Management Representations Letter on the quality report	Exec Director of Finance KPMG	√				
Plan for the production of the Annual Report & Accounts	Chief Executive				√	
Annual Governance Statement	Company Secretary	√				√Draft
Accounting Policies	Exec Director of Finance				√	
Accounting and Reporting Systems	Exec Director of Finance					√
Financial statements - integrity / judgments	Exec Director of Finance				√	
Single Tender Waivers	Exec Director of Finance		√			
Losses and Special Payments [incl. baseline numbers / % as per action 164-19 04.03.2019]	Exec Director of Finance					√
INTERNAL AUDIT						
Counter Fraud Progress Report	RSM		√	√		√
Counter Fraud Work Plan	RSM					√
Counter Fraud Annual Report incl. SRT	RSM					√
Internal Audit Progress Report	RSM		√	√	√	√
Internal Audit Annual Plan	RSM					√
Annual Report to include Internal Audit Opinion	RSM	√				√Draft
EXTERNAL AUDIT						
External Audit Finding Report	KPMG	√				
Report to Governors on Quality Report	KPMG	√				
Limited Assutance opinion on Qualiry Report Indicators	KPMG	√				
Progress Report / Technical Update	KPMG					√
Audit Plan	KPMG				√	
GOVERNANCE & RISK MANAGEMENT						
Business Continuity	Exec Director of Operations			√		
Records Storage and Security				√		
Data Quality	Exec Director of Strategy				√	
Whistleblowing	Exec Director of Nursing				√	
Decl. of Interests	Company Secretary			√		
Policy Matrix - Annual Review	Company Secretary					√
Assurance Map - Annual Review	Company Secretary					√
Board Assurance Framework Review	Company Secretary				√	
Risk Review, incl. BAF Risk Report	Executive Director of Nursing / Company Secretary		√	√	√	√
Risk Management System / effectiveness of the policy and procedure	Exec Director of Nursing		√			√
Annual Review of SO's/SFI's	Exec Director of Finance					√
Annual Self Certification GC6/COS 7	Company Secretary	√				
Corporate Governance Statement	Company Secretary	√				√Draft
Integrated Performance Report Annual Review	Exec Director of Strategy				√	
Information Governance (incl. *Annual Report)	Exec Director of Nursing		√*			√
Annual Review of Cycle of Business	Company Secretary					√
Annual Self-Assessment	Company Secretary					√
Review of Terms of Reference	Company Secretary					√
Review Purview / TOR of other Board Committees	Company Secretary					√
MANAGEMENT RESPONSE (delete once received)						
Internal Audit Plan 2020 21						
BAF / Risk Management					√	
GDPR / IG						√
Financial Systems / Payroll						√

South East Coast Ambulance Service NHS Foundation Trust

Finance and Investment Committee ('FIC')

Terms of Reference

1. Constitution

The Board hereby resolves to establish a committee of the Board to be known as the Finance and Investment Committee ('FIC') referred to in this document as 'the committee'.

2. Purpose

The purpose of the committee is to acquire and scrutinise assurances that the Trust's system of internal controls relating to finance, corporate services and investments in future operational capability, are designed appropriately and operating effectively.

3. Membership

Appointed by the Board, the membership of the committee shall constitute three independent Non-Executive Directors and three Executive Directors. Executive Directors shall number no more than the Non-Executive Directors.

The members of the committee shall be:

Howard Goodbourn, Independent Non-Executive Director (Chair)

Michael Whitehouse, Independent Non-Executive Director

Lucy Bloem, Independent Non-Executive Director

Executive Director of Finance & Corp. Services (Executive Lead)

Executive Medical Director

Executive Director of Operations

In addition, each Independent Non-Executive Director will be an ex-officio member of the committee.

4. Quorum

The quorum necessary for formal transaction of business by the committee shall be two Independent Non-Executive Director members and one Executive Director.

5. Attendance

5.1. In addition to the members, the following individuals shall regularly attend meetings of the Committee:

- Executive Director of Strategy & Business Development
- Company Secretary
- Deputy Director of Finance
- A senior manager from operations

5.2. At the request of a committee member, other directors, Trust leads, managers and subject matter experts shall be invited to attend or observe full meetings or specific agenda items when issues relevant to their area of responsibility are to be scrutinised.

5.3. With the agreement of the chair, members of the committee or other Trust managers and officers may participate in a meeting of the committee by means of a tele/video conference. In such instances, it is a requirement that all persons participating in the meeting can hear each other. Participation in the meeting in this manner shall be deemed to constitute the presence in person at such a meeting. A member of the committee joining the meeting in this way shall count towards the quorum.

6. Frequency

The committee shall meet at least six times a year and extraordinary meetings may be called by the committee chair in addition to discuss and resolve any critical issues arising.

7. Authority

The committee has no executive powers. The committee is authorised to seek and scrutinise assurances that Trust's the system of internal control is designed well and operating effectively.

8. Purview

The purview of the committee is set out in the accompanying purview document, which is approved by the Board along with these Terms of Reference. The committee will prioritise the acquisition and scrutiny of assurances according to the Board's requirements, using a risk based approach to prioritisation. The committee will not review all aspects of the system of internal control identified in the purview in every year.

9. Support

The Company Secretary is responsible for ensuring appropriate administrative support is provided to the committee. The support provided by the person(s) identified by the Company Secretary will include the planning of meetings, setting agendas, collating and circulating papers, taking minutes of meetings, and maintaining records of attendance for reporting in the Trust's Annual Report.

10. Reporting

The committee shall be directly accountable to the Trust Board. The Chair of the Committee shall report a summary of the proceedings of each meeting at the next meeting of the Board and draw to the attention of the Board any significant issues that require disclosure.

11. Review

The committee shall reflect upon the effectiveness of its meeting at the end of each meeting. The committee shall review its Terms of Reference at least once a year to ensure that they fit with the Board's overall review of the system of internal control. Any proposed changes shall be submitted to the Board for approval.

VERSION CONTROL SCHEDULE

Version no.	Date approved by committee as fit for purpose	Date ratified by the Board so that it comes into force	Main revisions from previous version.
1.0	21 July 16	26 July 16	Committee established July 16 based on principles set out in Board paper 'governance improvements' at May 16. FBDC dis-established June 16. Discussed at Board June 16. Ratified 26 July 16.
1.1	19 October 17	23 October 17	Update to membership Inclusion of additional regular attendees Administrative support provided by the HR Business Support Manager; from the corporate governance dept.
1.2		25 May 2018	Update to membership
2.1	13 May 2019	23 May 2019	Update to membership Increased frequency from 4 to 6 meetings Revised section 7 leaving the detail of areas covered by the committee to the purview/annual plan.
2.2	19 March 2020	28 May 2020	Updated membership including moving the executive director of strategy to an attendee so there is equal membership between exec and non-exec. Minor revision to section 9 – to remove the specificity of who will provide administrative support.

Finance and Investment Committee		Executive Lead	14 May 2020	23 July 2020	10 September 2020	12 November 2020	14 January 2021	18 March 2021
ADMINISTRATION								
Apologies	Chair	√	√	√	√	√	√	√
Declarations of Interests	Chair	√	√	√	√	√	√	√
Minutes	Chair	√	√	√	√	√	√	√
Action Log	Chair	√	√	√	√	√	√	√
Meeting Effectiveness	Chair	√	√	√	√	√	√	√
SCRUTINY								
Use of operational resource / impact on performance 111 & 999	Executive Director of Operations	√		√			√	
999 Operational efficiencies, e.g. job cycle time / unit costs	Executive Director of Operations		√			√		√
Financial Planning - annual plan / budgets	Executive Director of Finance							√
Capital Programme Plan - development* and delivery**	Executive Director of Finance					√**		√*
Reference Costs / Patient Level Costing	Executive Director of Finance						√	
Cost Improvement Programme / Overview of Schemes	Executive Director of Finance	√						
Winter Planning	Executive Director of Operations			√				
Utilisation of Technology	Executive Director of Finance					√		
Make Ready Process	Executive Director of Operations						√	
Fleet Strategy Implementation Plan	Executive Director of Operations			√				
Department Deep Dives - Procurement Estates Fleet IT Finance	TBC	Procurement	Estates	PMO	Fleet	Finance		I.T
Monitoring Performance								
111 / CAS & 999 Operational Performance	Executive Director of Operations	√	√	√	√	√	√	√
Financial Performance (Pack) / Forecast	Executive Director of Finance	√	√	√	√			√
Operational Performance Improvement Plan	Executive Director of Operations			√	√	√	√	√
IT Dashboard/KPIs	Executive Director of Finance	√				√		
Estates Dashboard/KPIs	Executive Director of Finance		√					√
Business Cases								
Business Case Schedule / Tracker	Executive Director of Finance			√				
Business Cases for Recommendation	TBC		√	√	√	√	√	√
Return on Investment / Benefits Realisation	TBC						√	
Strategies								
Digital Strategy	Executive Director of Finance			√				
Fleet Strategy	Executive Director of Operations					√		
Estates Strategy	Executive Director of Finance			√				
Procurement Strategy	Executive Director of Finance					√		
Governance & Risk								
BAF Risks	Company Secretary	√	√	√	√	√	√	√
Committee Annual Self-Assessment	Company Secretary						√	
Cycle of Business	Company Secretary							√
Terms of Reference	Company Secretary							√
Internal Audit Plan 2020 / 21								
Fleet Management						√		
IT						√		

Financial Planning						√	