

Terms of Reference for the Audit Committee

The Board of The Care Trust (“TCT” or “the Company”) hereby resolves, pursuant to the authority conferred by the Articles of Association, to establish a Sub-Committee of the Board to be known as the Audit Committee.

1. Membership

The Members of the Audit Committee shall be appointed by the Directors of the Board from within their Membership and shall consist of at least two Members. The Chairperson of The Care Trust Board can be a Member but shall not act as Chairperson of the Audit Committee. The Chairperson of the Audit Committee shall be appointed by the Committee. A quorum shall be composed of two Members.

2. Attendance at meetings

The Finance Director, Chief Executive Officer (“CEO”), Head of Internal Audit (if appointed) and a representative of the external auditors shall normally attend meetings.

The Audit Committee may at each meeting appoint a member of the Senior Management Team (“SMT”) to be the Secretary of the Committee.

3. Frequency of meetings

Meetings shall be held at least once a year. The Finance Director, CEO, Head of Internal Audit (if appointed) or external auditors may request a meeting if they consider that one is necessary.

4. Authority

The Audit Committee is authorised by TCT’s Board to deal with 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 requests made by the Committee.

The Audit Committee is authorised by the Board to obtain outside legal or other independent professional advice at the expense of TCT and to secure the attendance of outsiders with relevant experience and expertise if necessary.

5. Duties

The duties of the Audit Committee shall be:

- to review the scope and results of the annual audit and its cost effectiveness and the independence and objectivity of the auditors
- to consider the appointment of the external auditor, the audit fee, and any questions of resignation or dismissal, in particular the ratio of audit to non-audit services and the desirability of putting non-audit work out to tender
- to discuss with the external auditor before the audit commences the nature and scope of the audit, and other relevant matters
- to review the annual financial statements before submission to the Board, focusing particularly on:
 - i. any changes in accounting policies and practices
 - ii. major areas of judgment
 - iii. significant adjustments resulting from the audit
 - iv. the going concern statement
 - v. compliance with accounting standards
 - vi. compliance with legal requirements
- discuss problems and reservations arising from the audit, and any matters the auditor may wish to discuss (in the absence of management where necessary)
- to review the external auditor's management letter and management's response
- to review the effectiveness of TCT's systems of internal control and to review TCT's statement on internal control systems prior to submission to the Board
- to consider the major findings of any internal investigations and management's response

- to review any internal audit programme and ensure that it is adequately resourced
- at least once a year (and otherwise where necessary) to meet with the external auditors in the absence of management and
- to consider other topics, as defined by The Care Trust Board.

6. Whistle-blowing arrangements

It is within the remit of the Audit Committee to put in place arrangements by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

The Audit Committee will undertake to ensure that such matters are subject to independent investigation and that follow-up actions are prompt and appropriate. These arrangements are detailed separately in TCT's Whistleblowing Policy.

7. Minutes

The Secretary must send minutes of the Audit Committee to all Members of the Committee, to the Board and (unless it is inappropriate to do so) to the external auditors.

8. Other

The Committee shall, at least once a year, review its own performance and Terms of Reference to ensure that it is operating at maximum effectiveness and recommend any necessary changes to the Board of TCT for approval.