

Audit Committee Terms of Reference

Version: Draft

Approved by: Governing Body
Date Approved: TBC

Responsible Senior Manager: Chief Finance Officer

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Change History

Version No.	Changes Applied	By	Date
Final	Approved by the Governing Body	JS	11.04.13
Revisions			
1.1	Submitted for review to the Audit and Governance committee	JS	12.11.13
1.2	Amended following Audit and Governance Committee review	JS	21.11.13
2.0 Final	Approved by the Governing Body	JS	16.1.14
Revisions			
2.1	Proposed amendments submitted to Audit Committee for consideration	JS	22.1.15
2.2	Proposed amendments following Audit Committee	JS	23.1.15
3.0 FINAL	Approved by the Governing Body	JS	09.4.15
3.1	Proposed amendments following the Audit Committee Development Session Feb 2016	JS	20.09.16
3.2	Recommended to the Governing Body following the Audit Committee on the 30.09.2016	JS	04.10.16

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NHS Calderdale Clinical Commissioning Group

Audit Committee

1. Constitution and Purpose

- 1.1 The Audit Committee is established in accordance with NHS Calderdale Clinical Commissioning Group's (CCG) Constitution, standing orders and scheme of delegation.
- 1.2 The Audit Committee is a sub- committee of the Governing Body of NHS Calderdale CCG.
- 1.3 The role of the Audit Committee is to provide the CCG's Governing Body with an independent and objective view of the CCG's financial systems, financial information and compliance with laws, regulations and directions directing the CCG in so far as they relate to finance. The Governing Body has approved and keeps under review the terms of reference of the Audit Committee
- 1.4 In addition, the Governing Body has delegated scrutiny of the following functions to the Audit Committee;
 - Audit
 - ~~Risk Management~~ Risk Management
 - ~~Information Governance~~ Governance, risk management and internal control
 - Business Continuity

2. Authority

- 2.1 The Audit Committee is authorised by the Governing Body to investigate any activity within its terms of reference. It is authorised to seek any information it requires within its remit, from any employee of Calderdale CCG or member of the Governing Body and they are directed to co-operate with any reasonable request made by the Committee.
- 2.2 The Committee will request and review reports, evidence and assurances from managers on the overall arrangements for governance, risk management and internal control. The committee may also request specific reports from individual functions within the CCG.
- 2.3 The Committee is authorised by the Governing Body to commission reports or surveys it deems necessary to help fulfil its obligations.
- 2.4 In exceptional cases, the Committee is authorised to obtain legal or other independent professional advice and secure the attendance of advisors with relevant expertise if it considers this is necessary. In doing so the committee must follow any procedures put in place by the governing body for obtaining legal or professional advice. The Governing Body is to be informed of any issues relating to such action.

2.5 The Committee is authorised to develop and keep under review policies and procedures of the CCG relevant to the role of the Audit Committee.

3 Membership

3.1 The Committee shall be appointed by the Governing Body and consist of:

Members:

- Lay member with expertise/experience in financial management/audit matters (who will act as Chair)
- Two other non-GP members of the Governing Body (Lay member with an interest in patient and public involvement , Registered Nurse or Secondary Care Specialist)
- ~~Two~~One GP Members from the Governing Body (excluding the Chair of the Governing Body) or one GP deputy.

Non- Voting Member:

- Lay Advisor (Finance, performance and external relations)

Attendees:

The following will be required to attend each meeting:

- Chief Finance Officer or the Head of Finance
- Corporate and Governance Manager
- External and internal audit representatives shall normally attend meetings.

3.2 The Chair of the Governing Body shall not be a member of the Committee.

3.3 Other Officers of NHS Calderdale CCG may be required to attend.

3.4 At least once a year, the Committee shall meet privately with the external and internal auditors.

3.5 The Chief Officer shall be invited to attend and will discuss, at least annually, with the Audit Committee the process for assurance that supports the Annual Governance Statement. He will also be invited to attend when the Committee discusses the draft internal audit plan and internal accounts.

3.6 Any full member of the Governing Body is entitled and encouraged to attend this committee with observer status.

4 Arrangements for the Conduct of Business

4.1 Chairing the Committee

The lay member with expertise/experience in financial management/audit matters will Chair the Committee. In the event of the chair of the committee being unable to attend for all or part of the meeting, the remaining members present will elect one of their number to chair the meeting/that part of the meeting.

4.2 Quoracy

Meetings will be considered quorate when two non GP members and one GP member of the Governing Body is present.

4.3 Voting

Should a vote need to be taken, only the core members of the committee shall be allowed to vote. In the event of a tied vote, the Chair shall have a second and casting vote.

4.4 Frequency of Meetings

There will be a minimum of five meetings per year. The External Auditors or Head of Internal Audit may request a meeting if they consider one is necessary.

4.5 Declaration of Interests

If any member has an interest, pecuniary or otherwise, in any matter and is present at the meeting at which the matter is under discussion, he/she will declare that interest as early as possible and shall not participate in the discussions. The Chair will have the power to require that member to withdraw until the Committee's consideration has been completed.

All declarations of interest will be minuted [in accordance with the CCG's policy and procedures relating to the management of conflicts of interest.](#)

4.6 Administrative Support

Administrative support for the Audit Committee will be provided by a member of the Corporate Governance Team.

- Agreement of the agenda with the Chair.
- Circulation of agendas and supporting papers to Committee members at least five working days prior to the meeting.
- Drafting of minutes for approval by the Chair within five working days of the meeting and then distributed as outlined above within 10 working days.
- Keeping an accurate record of attendance
- [Keeping an accurate record of the management of conflicts of interest](#)
- Matters arising and issues to be carried forward

- Maintain an on-going list of actions, specifying members responsible, due dates and keeping track of these actions
- Arranging meetings between the Audit Committee members, external and internal audit.

5.0 Duties/Responsibility of the Committee

The Duties and Responsibilities of the Committee are as follows:

5.1 Internal Audit

The committee shall ensure that there is an effective internal audit function that meets mandatory NHS Internal Audit Standards¹ and provides appropriate independent assurance to the Audit Committee, Chief Officer and the Governing Body. This shall be achieved by:

- Considering the major findings of internal audit work (and managers' responses) and ensuring co-ordination between internal and external auditors to optimise the use of audit resources, reports for the CCG.
- Agreeing any local Internal Audit Strategy and monitoring its implementation.
- Reviewing, approving and monitoring the implementation of the local internal Audit Plan, ensuring that this is consistent with the audit needs of the CCG as identified in the GBAF. and ensuring that it is adequately resourced.
- Ensuring that the internal audit function is adequately resourced and has appropriate standing within the organisation.
- Undertaking an annual review of the effectiveness of internal audit.

5.2 External Audit

The committee shall review the work and findings of the external auditors and consider the implications and the organisation's responses to their work. This shall be achieved by:

- Consideration of the performance of the external auditors, as far as the rules governing the appointment permit.
- Discussion and agreement with the external auditors, before the audit commences, on the nature and scope of the audit as set out in the annual plan, and ensuring 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 CCG and associated impact on the audit fee.

¹ Public Sector Internal Audit Standards 2013

- Review of all external audit reports, including the report to those charged with governance, agreement of the annual audit letter before submission to the Governing Body and any work undertaken outside the annual audit plan, together with the appropriateness of management responses.
- Ensuring that there is a clear policy in place for the engagement of external auditors to supply non-audit services.

5.3 Counter Fraud and Local Security Management

The committee shall satisfy itself that the CCG has adequate arrangements, policies and procedures in place for countering fraud and security that meet NHS Protect's standards and shall review the outcomes of work in these areas. ~~This shall be achieved by:~~

~~Approving the local counter fraud plan and monitoring its implementation.~~

~~Receiving updates on local counter fraud cases.~~

~~Receiving briefings/updates on national counter fraud issues as appropriate.~~

5.4 Financial reporting

- 5.5 The committee shall approve the arrangements for the CCG's statutory financial **reporting** duties.
- 5.6 The committee shall monitor the integrity of the financial statements of the CCG and any formal announcements relating to the CCG's financial performance.
- 5.7 The committee shall ensure that the systems for financial reporting to the ~~clinical commissioning group~~ Governing Body, including those of budgetary control, are subject to review as to completeness and accuracy of the information provided, ~~to the CCG.~~
- 5.8 The committee shall approve the Annual Report and Accounts-Financial Statements on behalf of the Governing Body, focusing particularly on:
- The wording in the annual governance statement and other disclosures relevant to the terms of reference of the committee;
 - Changes in, and compliance with, accounting policies, practices and estimation techniques;
 - Unadjusted mis-statements in the financial statements;
 - Significant judgements in preparing of the financial statements;
 - ~~Consideration of the annual accounts~~
 - ~~Receive and make recommendations on the draft head of internal audit opinion.~~
 - Significant adjustments resulting from the audit;
 - Letter of representation; and
 - Qualitative aspects of financial reporting Explanations for significant variances.

5.9 Integrated governance, risk management and internal control

The Committee shall maintain an overview of the adequacy and effectiveness of the system of integrated governance, risk management ~~system~~ and internal control across the whole of the CCG's activities that supports the CCG's objectives. In particular the Committee will review the adequacy and effectiveness of : ~~The Committee shall achieve this by:~~

- ~~—~~All risk and control related disclosure statements (in particular, the Annual Governance Statement), together with any accompanying Head of Internal Audit Opinion, external audit opinion or other appropriate independent assurances, prior to endorsement by the CCG's Governing Body.
- The underlying assurance processes that indicate the degree of achievement of CCG's prioritiesobjectives, the effectiveness of the management of principal risks and the appropriateness of the above disclosure statements, including the receipt-review of the Assurance Governing Body Assurance Framework~~Framework for review~~ prior to submission to the Governing Body.
- The policies for ensuring compliance with relevant regulatory, legal and code of conduct requirements and related reporting and self-~~certification~~.
- ~~including financial elements of the CCG Annual Report.~~
- ~~Providing assurance about T~~the CCG's Risk Mmanagement Framework of risks within the organisation, highlighting issues to the Governing Body as appropriate.~~review of significant risks (those scoring 12 or more) and the mitigation of those risks by regular review of the High Level Risk Register.~~
- ~~Providing an overview of risk management training to ensure a competent and capable workforce.~~
- ~~Ensuring that a dynamic risk assessment process is in place across the CCG and reviewing significant risks (those scoring 12 or more) and the mitigation of such risks by regular review of the High Level Risk Register.~~
- ~~Receive the local Security Management Annual Report.~~

~~5.10 The work of the Audit Committee shall dovetail with that of the Quality Committee and the Finance and Performance Committee in respect of the monitoring of risks. The Finance and Performance Committee will review all corporate, finance and performance risks. The Quality Committee will review all clinical risks.~~

~~5.11 Information Governance~~

- ~~The Committee shall maintain an overview of the adequacy and effectiveness of T~~the Information Governance system across the whole of the CCG's activities. The Committee shall achieve this by receiving-reviewing the annual SIRO Report, IG toolkit and any other information governance reports as appropriate.

5.12 The Committee will have effective relationships with other Governing Body Sub-committees in order to understand the processes and linkages.

5.13 Emergency Preparedness and Business Continuity

The Committee shall maintain an overview of the adequacy and effectiveness of ~~To receive reports on~~ emergency preparedness and business continuity as appropriate. ~~arrangements in place across the organisation.~~

5.14 Whistle Blowing

To review the effectiveness of the arrangements in place for allowing staff/Governing Body to raise (in confidence) concerns about possible improprieties in financial, clinical or safety matters and ensure that any such concerns are investigated proportionately and independently.

5.15 Other assurance duties

~~To approve policies, guidelines and procedures in respect of all areas of the committee's responsibilities.~~

~~5.15 To consider and make recommendations to the Governing Body in respect of strategies on all areas of the committee's responsibilities.~~

5.16 The audit committee shall review the findings of other significant assurance functions, both internal and external and consider the implications for the governance of the CCG if and when appropriate.

~~5.17 To receive lists of tenders being let by the CCG.~~

~~5.18 To receive reports on waivers of Standing Orders and Standing Financial Instructions that have taken place.~~

~~5.19 To receive reports on the contracts' register.~~

~~5.20 Receipt of the Register of application Seals~~

~~5.21 Receipt of Register of interests~~

~~5.22 Annual review of Standing Orders, SFIs and the Scheme of Delegation.~~

~~5.23 Receive reports on any issues regarding compliance with standing orders or SFIs.~~

~~5.24 Receive reports on standards of business conduct/receipt of gifts, hospitality and sponsorship.~~

5.18 The Committee will undertake an annual review of the effectiveness of the other Governing Body Committees.

7. Reporting Arrangements

7.1 The Audit Committee shall submit the minutes of its meetings to the Governing Body. The Chair of the Committee shall draw the attention of the Governing Body any issues that require disclosure to the full Governing Body or require executive action.

~~7.2~~ The Committee shall submit an annual report to the Governing Body. The annual report will also describe how the Committee has fulfilled its Terms of Reference and provide details of any significant issues that the Committee considered in relation to the financial statements and how they were addressed.

~~7.3~~ Reports on specific issues, together with any recommendations shall be prepared for consideration by the Governing Body as appropriate.

~~7.4~~ The Auditor Panel has been established as a sub-group of the Audit Committee. The Audit Committee will maintain close relationships with the Panel as set out in the Auditor Panel Terms of Reference.

8.0 Conduct of the Committee

8.1 All members shall have due regard to and operate within the Constitution of the CCG, Standing Orders, Standing Financial Instructions and other financial procedures.

8.2 Members of the Committee shall abide by the 'Principles of Public Life' (The Nolan Principles) and the NHS Code of Conduct.

8.3 A monitoring form shall be used to record the frequency of attendance by members, quoracy and the frequency of meetings. Any areas of concern shall be highlighted to the Chief Finance Officer.

8.4 The committee shall produce an annual work plan in consultation with the Governing Body and in line with the Governing Body's Assurance Framework.

8.5 The committee shall undertake an annual self-assessment of its performance against the annual plan, membership and terms of reference. Any resulting changes to the terms of reference shall be submitted for approval by the Governing Body.

END 4th October 2016