

Terms of Reference

Committee:	Audit Committee
Frequency Of Meetings:	Not less than five times a year.
Committee Chair:	Lay Member (Governance)
Membership:	Lay Members (Governance) Lay Member (PPI) Lay Member (Sessional) Sessional Lay Member The Chair of the CCG Board shall not be a member of the committee, but will be entitled to attend each meeting.
Attendance:	Chief Finance Officer Head of Corporate Governance Internal Auditors External Auditors Local Counter Fraud Service / Local Security Management Service (as required) <i>Further representatives to be invited by the Chair</i>
Lead Officer:	Head of Corporate Governance
Secretary:	Team Administrator
Quorum:	At least two committee members, including the Audit Committee Chair

Date Approved:	By Audit Committee – TBC By CCG Board – YBC
Version	3.0
Review Date:	February 2017

DELEGATED AUTHORITY

The Board has established a Committee of the Board to be known as the Audit Committee (the Committee), in accordance with the CCG Standing Orders and Standing Financial Instructions. 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.

The Committee is established in accordance with the NHS Basildon and Brentwood CCG's constitution. These terms of reference set out the membership, remit, responsibilities and reporting arrangements of the committee and shall have effect as if incorporated into the constitution.

The Committee terms of reference are available upon request and shall be contained on the website of the CCG.

It is acknowledged that the Board is ultimately accountable for the actions of the Audit Committee and therefore the Committee will:

- I. report on its work by presenting the minutes of its meetings to the Board.
- II. report to the Board on an annual basis, the work undertaken in the previous year and the intended programme of work for the forthcoming year.
- III. review the Terms of Reference annually and submit for Board approval.

PURPOSE OF COMMITTEE

In line with the requirements of the NHS Audit Committee Handbook, NHS Codes of Conduct and Accountability, and more recently the Higgs report, the Audit Committee must provide the CCG Board with an independent and objective review on its financial systems, financial information and compliance with laws, guidance, and regulations governing the NHS.

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. 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.

DEVOLVED FUNCTIONS

Section 9 of the CCG Constitution describes the CCG functions and duties delegated to the Board. The Board delegates to the audit committee those functions relating to areas outlined in the remit and responsibilities of the audit committee stated below.

REMIT & RESPONSIBILITIES

Integrated Governance, Risk Management and Internal Control

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

In particular, the Committee will review the adequacy of:

- all risk and control related disclosure statements (in particular the Annual Governance Statement and declarations of compliance with the Regulations of the Health and Social Care Act 2012), 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 risks and the appropriateness of the above disclosure statements. This will be achieved by means of reviewing and endorsing the Board Assurance Framework on a quarterly basis and the Risk Management Strategy annually and recommending these to the CCG Board for approval.
- the policies for ensuring compliance with relevant regulatory, legal and code of conduct requirements.
- the policies and procedures for all work related to fraud and corruption as set out in Secretary of State Directions and as required by the Counter Fraud and Security Management Service

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 assurance from Board members and CCG officers as appropriate, concentrating on the over-arching systems of integrated governance, risk management and internal control, together with indicators of their effectiveness.

This will be evidenced through the Committee's use of an effective Board Assurance framework to guide its work and that of the audit and assurance functions that report to it.

Internal Audit

The Committee shall ensure that there is an effective internal audit function established by management that meets mandatory NHS Audit Standards and provides appropriate independent assurance to the Audit Committee, Chief Officer and Board. This will be achieved by:

- consideration of the provision of the Internal Audit service, the costs 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 organisation 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
- ensuring that the Internal Audit Function is adequately resourced and has appropriate standing within the organisation
- annual review of the effectiveness of the internal audit function

External Audit

The Committee shall review the work and findings of the External Auditor appointed by the Audit Commission 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, as far as the Audit Commission's rules permit
- 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 CCG and associated impact on the audit fee
- review all External Audit reports, including agreement of the annual audit letter before submission to the Board and any work carried outside the annual audit plan, together with the appropriateness of management responses

Other Assurance Functions

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

These will include, but will not be limited to, any reviews by Department of Health, NHS England or Regulators/Inspectors (e.g. Health & Safety Executive, NHS Litigation Authority etc) professional bodies with responsibility for the performance of staff or functions (e.g. Royal Colleges, accreditation bodies etc).

In addition, the Committee will review the work of other committees within the organisation, specifically the Governance Committee, the Patient Safety & Quality Committee and the Finance & Performance Committee, whose work can provide relevant assurance to the Audit Committee's own scope of work. In reviewing the work of these committees, and issues around risk management, the Audit Committee will wish to satisfy themselves on the assurance that can be gained from the CCG's systems for ensuring sound clinical governance across the providers from whom the CCG commissions care.

Counter Fraud

The Committee shall satisfy itself that the organisation has adequate arrangements in place for countering fraud and shall review the outcomes of counter fraud work.

Management of Conflicts of Interest within the CCG

The Committee has a specific responsibility for providing assurance to the Board that the CCG has effective processes in place for managing conflicts of interest with regard to Board members and officers/staff. This role includes review of the CCG's Conflicts of Interest Policy (in conjunction with the Governance Committee) and quarterly review of the Register of Board Members' Interests.

Management

The Committee shall request and review reports and positive assurances from directors and management and internal control.

They may also request specific reports from individual functions within the organisation (e.g. clinical audit) as they may be appropriate to the overall arrangements.

Financial Reporting

The Audit Committee shall review the Annual Report and Financial Statements before submission to the Board, 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 and practices
- unadjusted mis-statements in the financial statements
- major judgemental areas
- significant adjustments resulting from the audit

The Committee should also ensure that the 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.

MANAGING THE COMMITTEE

The Committee will conduct its business in accordance with National Guidance, and relevant codes of conduct / good governance practices for example Nolan's seven principles of public life.

Membership

- The Committee shall be appointed by the CCG Board as set out in the constitution and may include individuals who are not on the governing body. The lay member on the

CCG Board with a lead role in overseeing key elements of governance, will be the chair of the audit committee.

- The Committee shall consist of no less than three lay members (including one or more lay members who have been appointed solely to serve on the Audit and Remuneration Committees). The Audit Committee Chairman shall be the Lay Member responsible for governance, appointed by the CCG Board in accordance with the Constitution.
- The Chairman of the CCG Board shall not be a member of the Committee but will be invited to attend once a year and will be entitled to attend any meeting.
- The Chief Finance Officer or nominated representative, Internal Audit, External Audit and Local Counter Fraud representatives shall normally attend meetings.
- At least once a year the Committee should meet privately with the External and Internal Auditors.
- The Chief Officer, Chief Operating Officer and other executive or senior officers of the CCG may be required to attend upon request of the Committee, particularly when the Committee is discussing areas of risk or operation that are the responsibility of that director.
- The Chief Officer should be required to attend at least annually, to discuss with the Audit Committee the process for assurance that supports the Annual Governance Statement.
- The nominated Secretary shall be Secretary to the Committee and shall attend to take minutes of the meeting and provide appropriate support to the Chairman and committee members during and outside of audit committee meetings.

Committee Chair

In the event of the chair of the committee being unable to attend all or part of the meeting, he or she will nominate a replacement from within the membership to deputise for that meeting.

Secretary

The nominated officer who shall act as secretary is stated at the outset of this Terms of Reference. The secretary will be responsible for supporting the chair in management of committee business and for drawing the committee's attention to best practice, national guidance and other relevant documents as appropriate

Qualification and Disqualification for membership and appointment of the chair

The CCG Constitution sets out the processes for qualification and disqualification of members. The appointment of members to this committee shall be via Board approval of the terms of reference of this committee, which sets out its membership.

Frequency and notice of meetings

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

Items of business to be transacted for inclusion on the agenda of a meeting need to be notified to the chair or committee secretary at least 10 working days (i.e. excluding weekends and bank holidays) before the meeting takes place. Supporting papers for such items need to be submitted at least 7 working days before the meeting takes place.

The date, time and venue of all committee meetings will be notified to members at least 7 days' notice. The agenda and papers for the meeting will be circulated to members 7 working days in advance of the meeting.

Minutes and Committee Papers

The minutes of Committee meetings shall be formally recorded by the designated 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.

Decision Making / Policy and Best Practice

In making decisions the Committee will apply best practice in the decision making processes.

RELATED COMMITTEES

All other committees of the Board shall present the minutes of their meetings (and where appropriate papers) relating to any matter of internal control or risks stated on the Board Assurance Framework so that the Audit Committee is fully informed of such matters to enable them to discharge their responsibilities.

Other working groups / committees that provide assurance to the committee are:

- Governance Committee;
- Finance & Performance Committee;
- Patient Safety & Quality Committee

REPORTING & REVIEW

Reporting to the CCG Board

The Committee will report to the Board annually on its work in support of the Annual Governance Statement, specifically commenting on the fitness for purpose of the Assurance Framework, the completeness and embedding of risk management in the organisation, and integration of governance arrangements and the appropriateness of ongoing compliance against the terms of its authorisation with NHS England.

Annual Review of Effectiveness

The committee will conduct an annual self-assessment of its effectiveness and report the findings of the assessment to the Board.

CONFLICTS OF INTEREST

The CCG's rules on conflicts of interest as set out in the CCG Constitution, Standing Orders and Standing Financial Instructions apply to the work of this Committee. Members or those in attendance must, at the outset of the meeting, declare any interest that they may have in a matter and withdraw from the discussion on that item.

Terms of Reference Dated - February 2017

Next Review Due - Sept 2016February 2018