

West Norfolk CCG Audit Committee

Terms of Reference

1. INTRODUCTION

- 1.1. The Audit Committee (the Committee) is established in accordance with NHS West Norfolk Clinical Commissioning Group'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.

2. MEMBERSHIP

- 2.1. Membership will be two Governing Body lay members, a GP Member and the Lay Member (Finance).
- 2.2. The lay member on the governing body with a lead role in overseeing key elements of governance will Chair the Audit Committee. In the event of the Chair of the Audit 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.
- 2.3. The Chair of the CCG shall not be a member of the Committee.
- 2.4. Tenure of committee members will be for the duration of appointment to the Governing Body

3. ATTENDANCE

- 3.1. The Chief Finance Officer, Head of Corporate Affairs and appropriate Internal and External Audit representatives shall normally attend meetings.
- 3.2. At least once a year the committee members only should meet with the external and internal auditors.
- 3.3. Representatives from local counter fraud and security management (NHS Protect) may be invited to attend meetings and will normally attend at least two meeting each year. Regardless of attendance, external audit, internal audit, local counter fraud and security management (NHS Protect) providers will have full and unrestricted rights of access to the Audit Committee.
- 3.4. The Accountable Officer is invited to attend and discuss, at least annually, with the Audit Committee the process for assurance that supports the Annual Governance Statement and should attend when the Committee considers the draft internal audit plan and the annual accounts.
- 3.5. Any other senior managers may be invited to attend, particularly when the Committee is discussing areas of risk or operation that are the responsibility of that senior manager.
- 3.6. The Chair of the Governing Body may also be invited to attend one meeting each year in order to form a view on, and understanding of, the Committee's operations.

4. SECRETARY

- 4.1. Secretarial support will be provided to ensure appropriate support to the Chair and committee members in relation to the organisation and conduct of meetings.
- 4.2. The Secretary's duties will include:
- The agreement of agendas with the Chair and attendees and collation of papers
 - Keeping a record of matters arising and issues to be carried forward
 - Enabling the development and training of Committee members as requested
- 4.3. Minutes will be taken by a member of the administration team.

5. QUORUM

- 5.1. The Committee will be quorate with two Committee members

6. FREQUENCY AND NOTICE OF MEETINGS

- 6.1. There will be a minimum of four meetings per annum at appropriate times in the reporting and audit cycle. An additional meeting will take place at an appropriate date to review the WNCCG Annual Report and Accounts Should further meetings be required 14 days' notice will be given. The external auditors or Head of Internal Audit may request a meeting if they consider that one is necessary.

7. REMIT AND RESPONSIBILITIES OF THE COMMITTEE

- 7.1. The Committee shall critically review the clinical commissioning group's financial reporting and internal control principles and ensure an appropriate relationship with both internal and external auditors is maintained. The key duties of the Committee are:

7.2. Integrated governance, risk management and internal control

- 7.2.1. 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 Clinical Commissioning Group's activities that support the achievement of the Clinical Commissioning Group's objectives.
- 7.2.2. Its work will dovetail with that of the Patient Safety & Clinical Quality Committee, which the CCG has established to seek assurance that robust clinical quality is in place.
- 7.2.3. In particular, the committee will review the adequacy and effectiveness of:
- All risk and control related disclosure statements (in particular the Annual Governance Statement), together with any appropriate independent assurances, prior to endorsement by the clinical commissioning group.
 - The underlying assurance processes that indicate the degree of achievement of clinical commissioning group objectives, the effectiveness of the management of principal risks and the appropriateness of the above disclosure statements.

- The policies for ensuring compliance with relevant regulatory, legal and code of conduct requirements and related reporting and self-certification.
- The policies and procedures for all work related to fraud and corruption as set out in Secretary of State Directions and as required by NHS Protect.

7.2.4. 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 sources. It will also seek reports and assurances from directors and managers as appropriate, concentrating on the over-arching systems of integrated governance, risk management and internal control, together with indicators of their effectiveness.

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

7.3. Internal audit

7.3.1. The Committee shall ensure that there is an effective internal audit function that meets mandatory NHS Internal Audit Standards and provides appropriate independent assurance to the Audit Committee, Accountable Officer and Clinical Commissioning Group. This will be achieved by:

- Consideration of the provision of the internal audit service, the cost 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.
- Considering the major findings of internal audit work (and management's response) and ensuring 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 clinical commissioning group.
- An annual review of the effectiveness of internal audit.

7.4. External audit

7.4.1. The committee shall review the work and findings of the external auditors and consider the implications and management's responses to their work. This will 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 clinical commissioning group and associated impact on the audit fee.
- Review of all external audit reports, including the report to those charged with governance, agreement of the annual audit letter before submission to the clinical commissioning group and any work undertaken outside the

annual audit plan, together with the appropriateness of management responses.

- 7.4.2. The Committee will act as the CCG's Auditor Panel. It will formally record when it is acting as Auditor Panel. The Auditor Panel is an advisory body – it advises the CCG's Governing Body on the selection and appointment of external auditors. It oversees the conducting of a market testing and procurement exercise for the appointment of an external auditor at least once every 5 years. It also resolves any issues from resignation and dismissal. The Auditor Panel will also ensure:
- The relationship and communications with the external auditors are professional
 - Conflicts of interest are effectively dealt with

7.5. Other assurance functions

- 7.5.1. 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 clinical commissioning group. These will include, but will not be limited to, any reviews by Department of Health arm's length bodies or regulators/inspectors (for example, the Care Quality Commission and NHS Litigation Authority) and professional bodies with responsibility for the performance of staff or functions (for example, Royal Colleges and accreditation bodies).

7.6. Counter fraud

- 7.6.1. The Committee shall satisfy itself that the Clinical Commissioning Group has adequate arrangements in place for countering fraud and shall review the outcomes of counter fraud work. It shall also approve the counter fraud work programme.

7.7. Management

- 7.7.1. The Committee shall request and review reports and positive assurances from senior managers on the overall arrangements for governance, risk management and internal control.
- 7.7.2. The Committee may also request specific reports from individual functions within the clinical commissioning group as they may be appropriate to the overall arrangements.

7.8. Financial reporting

- 7.8.1. The Audit Committee shall monitor the integrity of the financial statements of the clinical commissioning group and any formal announcements relating to the Clinical Commissioning Group's financial performance.
- 7.8.2. The Committee shall ensure that the systems for financial reporting to the clinical commissioning group, including those of budgetary control, are subject to review as to completeness and accuracy of the information provided to the Clinical Commissioning Group.
- 7.8.3. The Audit Committee shall review the annual report and financial statements before submission to the Governing Body and the Clinical Commissioning Group, 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;
- Significant adjustments resulting from the audit;
- Letter of representation; and
- Qualitative aspects of financial reporting.

7.9. Reporting Committees

- 7.9.1. The Conflicts of Interest Committee is accountable to the Audit Committee, providing minutes and reports from the Chair to ensure the Committee is kept fully informed on and conflicts which may arise and the WNCCG processes.
- 7.9.2. The Information Governance Committee is accountable to the Audit Committee, providing minutes and reports from the Chair to ensure the Committee is kept fully informed on information governance issues and the WNCCG processes.

8. RELATIONSHIP WITH THE GOVERNING BODY

- 8.1. The minutes of Audit Committee meetings shall be formally recorded made accessible to the Governing Body.
- 8.2. The Audit Committee should provide the Governing Body with formal reports of its work and assurances that have been received and validated. The Committee will report to the Governing Body 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 “embeddedness” of risk management in the organisation, the integration of governance arrangements.

9. POLICY AND BEST PRACTICE

- 9.1. The Committee is authorised by the CCG to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee or member of the CCG and all are directed to co-operate with any request made by the Committee.
- 9.2. The Committee is authorised by the Governing Body 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. The Committee will apply best practice in the decision making process.

10. CONDUCT OF THE COMMITTEE

- 10.1. The Committee will conduct its business in accordance with national guidance and relevant codes of conduct and good governance practice, including the Nolan principles.
- 10.2. All questions arising will be decided by a simple majority of those present, with the Chair having a second and casting vote.

- 10.3. The Committee will assess its performance annually and draw up its own plan for improvement. The Committee will consider its own training needs and ensure that members have the skills to perform their role effectively.
- 10.4. Any changes in the terms of reference or membership will be approved by the Governing body.

Agreed by Audit Committee: 23rd June 2017

Approved by CCG Governing Body: 20th July 2017

Review Date: July 2018