

NHS Greater Huddersfield Clinical Commissioning Group

Audit Committee

Terms of Reference

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NHS Greater Huddersfield Clinical Commissioning Group Audit Committee Terms of Reference

1. Introduction

- 1.1 The Audit Committee is established in accordance with NHS Greater Huddersfield Clinical Commissioning Group's (CCG) Constitution, Standing Orders and Scheme of Delegation.
- 1.2 The Audit Committee is a committee of the Governing Body of NHS Greater Huddersfield Clinical Commissioning Group (CCG).
- 1.3 The role of this committee is to assist the Governing Body of NHS Greater Huddersfield Clinical Commissioning Group (CCG) in the delivery of its responsibilities. These terms of reference set out the membership, remit, responsibilities and reporting arrangements of the committee.

2. Membership

- 2.1 The Committee shall be appointed by the Governing Body:

Core membership:

- Lay member leading on audit, governance and conflict of interest matters (who will act as Chair)
- Lay member leading on finance and remuneration matters (who shall act as deputy chair)
- Secondary Care Specialist or Registered Nurse

Required attendees:

- Chief Finance Officer (or nominated deputy)
- Head of Corporate Governance (or nominated deputy)
- External and internal audit representatives

- 2.2 Any other senior manager may be invited to attend, particularly when the committee is discussing areas of risk or operation that are the responsibility of that senior manager.

2.3 In attendance on a less frequent basis:

- At least once a year the Committee shall meet privately with the external and internal auditors.
- Representatives from NHS Counter Fraud Authority (including the Local Counter Fraud Specialist) may be invited to attend meetings and will normally attend at least one meeting a year.

- Regardless of attendance, external audit, internal audit, and local counter fraud (NHS Counter Fraud Authority) providers shall have full and unrestricted rights of access to the Audit Committee.
- The Chief Officer will be invited to attend and discuss at least annually with the Committee, the process for assurance that supports the statement on internal control. S/he shall also be invited to attend when the Committee discusses the annual report, the 'Head of Audit Opinion', annual governance statement and the annual accounts.
- The Chair of the Governing Body shall not be a member of the Committee, but may also be invited to attend one meeting each year in order to form a view on and understanding of the Committee's operations.

3.0 Arrangements for the Conduct of Business

3.1 Chairing the Meetings

The meetings will be run by the Chair. In the event of the Chair being unable to attend all or part of the meeting, the Deputy Chair will chair the meeting.

3.2 Quoracy

Meetings will be considered quorate when at least two members are present, including the Chair or the Deputy Chair.

Members of the Committee may participate in meetings by telephone or by the use of video conferencing facilities where they are available, Participation by any of these means shall be deemed to constitute presence in person at the meeting.

3.3 Voting

In line with the CCG's Standing Orders, it is expected that decisions will be reached by consensus. Should this not be possible, then a vote of members will be required, the process for which is set out below:

Majority necessary to confirm a decision – simple majority

Casting vote – Chair

Dissenting views – dissenting views must be recorded in the minutes

3.4 Frequency of Meetings

There will be a minimum of five meetings per year (4 quarterly meetings plus an additional meeting to sign off the annual report and accounts). The Governing Body, Chief Officer, External Auditors or Head of Internal Audit may request an additional meeting if they consider one is necessary.

3.5 Declaration of Interests

If any member has an interest, financial 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 act in accordance with the CCG's Conflicts of Interest Policy. Subject to any previously agreed arrangements for managing a conflict of interest, the chair of the meeting will determine how a conflict of interest should be managed. The chair of the meeting may require the individual to withdraw from the meeting or part of it. The individual must comply with these arrangements, which must be recorded in the minutes of the meeting.

All declarations of interest will be minuted.

3.6 Urgent matters arising between meetings

The Chair and Deputy Chair of the Audit Committee in consultation with the Chief Officer or Chief Finance Officer, may also act on urgent matters arising between meetings of the Committee. Any actions taken outside the meeting, will be minuted at the next available meeting of the Committee.

3.7 Administrative Support

A member of the corporate governance team will attend to take the minutes of the meeting and provide appropriate support to the Chair and Committee members. Duties will include:

- 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.
- 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.
- Advising the Committee on pertinent areas/issues – drawing the Committee's attention to best practice, national guidance and other relevant documents as appropriate.
- Enabling the development and training of members.

4.0 Remit and responsibilities of the committee

4.1 The Committee shall critically review the CCG's financial reporting and internal control principles and ensure an appropriate relationship with both internal and external auditors is maintained.

4.2 The duties of the committee will be driven by the priorities identified by the CCG and the associated risks.

5.0 The key duties of the Audit Committee are as follows:

5.1 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 CCG's activities that support the achievement of the CCG's objectives and priorities.

In particular, the Committee will review the adequacy and effectiveness of:

- All risk and control related disclosure statements (in particular the governance statement), together with any 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 objectives and priorities, 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 and security as set out in Secretary of State Directions and as required by NHS Counter Fraud Authority.

5.2 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.

5.3 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.

5.4 As part of its integrated approach, the Committee will have effective relationships with other key committees so that it understands processes and linkages.

5.5 Internal audit

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, Chief Officer and the Governing Body. 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 annual internal audit 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 the organisation'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 CCG.
- An annual review of the effectiveness of internal audit.
- Receiving the annual Head of Internal Audit Opinion.

5.6 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 will be achieved by:

- Consideration of the performance of the external auditors, as far as the rules governing the appointment permit.
- Maintaining a close relationship with the Auditor Panel.
- 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.
- 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.

5.7 Other assurance functions

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.

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 Resolution) and professional bodies with responsibility for the performance of staff or functions (for example, Royal Colleges and accreditation bodies).

In addition, the Committee will review the work of other committees within the organisation, whose work can provide relevant assurance to the Committee's own areas of responsibility.

5.8 Counter fraud

The Committee shall satisfy itself that the CCG has adequate arrangements in place for counter fraud and security that meet NHS Counter Fraud Authority's standards and shall review the outcomes of work in these areas. It shall also approve the counter fraud and security management work programme.

5.9 Management

The Committee shall request and review reports and positive assurances from the senior management team as appropriate, concentrating on the over-

arching systems of integrated governance, risk management and internal control, together with indicators of their effectiveness.

The Committee may also request specific reports from individual functions within the CCG as appropriate.

5.10 Financial reporting

The Audit Committee shall monitor the integrity of the financial statements of the CCG and any formal announcements relating to the CCG's financial performance.

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 CCG.

The Audit Committee shall review and approve, under delegated powers, the annual report and financial statements, focusing particularly on:

- The wording in the 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.

5.11 Information Governance

To provide the Governing Body with assurance that there is an effective framework in place for the management of risks associated with Information Governance.

The Audit Committee shall review the annual SIRO report, the submission for the Data Security & Protection Toolkit and relevant reports and action plans.

6.0 Authority

6.1 The Audit Committee is authorised by the Governing Body of NHS Greater Huddersfield CCG to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee of Greater Huddersfield CCG within its remit and all employees are directed to co-operate with any reasonable request made by the Committee.

6.2 The Committee is authorised by the Governing Body to commission reports or surveys it deems necessary to help fulfil its obligations.

6.3 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 procedure 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.

- 6.4 The Committee is authorised to make decisions, under delegated authority from the Governing Body, on the adoption of policies and procedures for all areas within its remit.

7.0 Reporting Arrangements

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

- 7.2 The Audit Committee shall submit an annual report to the Governing Body. Reports on specific issues, together with any recommendations will be prepared for consideration by the Governing Body as appropriate.

8.0 Conduct of the Committee

- 8.1 All members will 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 will abide by the 'Principles of Public Life' (The Nolan Principles) and the NHS Code of Conduct.

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

- 8.4 The Committee will 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 will undertake an annual self-assessment of its own performance against the annual plan, membership and terms of reference. Any resulting changes to the terms of reference should be submitted for approval by the Governing Body.

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