NHS
Barnsley
Clinical Commissioning Group

Audit Committee
Terms of Reference

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Audit Committee – Terms of Reference

1. Introduction

1.1 The Clinical Commissioning Group has established a committee reporting to the Governing Body known as the Audit Committee.

1.2 The Committee is established in accordance with Barnsley Clinical Commissioning Group's Constitution, Standing Orders and Scheme of Delegation.

1.3 These terms of reference set out the membership, remit responsibilities and reporting arrangements of the group and shall have effect as if incorporated into the Clinical Commissioning Group's constitution. The Committee is a non-executive committee of the Governing Body and has no executive powers other than those specifically delegated in these Terms of Reference.

2. Authority

2.1 The Committee is authorised by the Clinical Commissioning Group 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 cooperate with any request made by the Committee.

2.2 The Committee is authorised by the Clinical Commissioning Group to obtain external legal or other independent professional advice and to secure the attendance of advisers with relevant experience and expertise if it considers this necessary.

2.3 The Committee shall provide assurance and advice to the Governing Body on the proper stewardship and resources and assets, including value for money; financial reporting; the effectiveness of audit arrangements (internal and external); compliance with NHS Counter Fraud Authority's *Standards for Commissioners: Fraud, Bribery and Corruption*; risk management, and on control and integrated governance arrangements within the Clinical Commissioning Group.

2.4 The Committee has responsibility for recommending approval of the Annual Financial Statements and Annual Governance Statement to the Governing Body.

3. Purpose

3.1 The purpose of the Audit Committee is to assist Barnsley Clinical Commissioning Group to deliver its responsibilities for the conduct of public business, and the stewardship of funds under its control. In particular, the Committee will seek to provide assurance to the Governing Body that an appropriate system of internal control is in place to ensure that:

(a) Business is conducted in accordance with the law and proper standards;

(b) Public money is safeguarded and properly accounted for;

(c) Financial Statements are prepared in a timely fashion, and give a true and fair view of the financial position of Barnsley CCG for the period in question;

(d) Affairs are managed to secure economic, efficient and effective use of resources;

(e) Reasonable steps are taken to prevent and detect fraud and other irregularities in line with NHS Counter Fraud Authority's *Standards for Commissioners: Fraud, Bribery and Corruption.*

4. Responsibilities

4.1 The responsibilities and duties of the Audit Committee can be categorised as follows:

5. Governance, Internal Control and Risk Management

5.1 The Committee shall review the establishment and maintenance of an effective system of governance, internal control and risk management across Barnsley Clinical Commissioning Group for both clinical and non-clinical activities, including partnerships that support the achievement of the organisation's objectives.

5.2 The Committee will review the adequacy and effectiveness of:

(a) All risk and control related disclosure statements, together with any accompanying Head of Internal Audit statement, External Audit opinion or other appropriate independent assurances, prior to endorsement by the Clinical Commissioning Group Governing Body on behalf of the Membership Council;

(b) The structures, assurance processes and responsibilities for identifying and managing key risks facing the organisation, indicating the degree of achievement of corporate objectives, as laid down in the Clinical Commissioning Group's Annual Governance Statement and Assurance Framework;

(c) The policies for ensuring that there is compliance with relevant regulatory, legal and code of conduct requirements and related reporting and self-certification;

(d) The operational effectiveness of policies and procedures;

(e) The policies and procedures for all work related to fraud and corruption as set out in Secretary of State Directions and as required to ensure compliance with NHS Counter Fraud Authority's *Standards for Commissioners: Fraud, Bribery and Corruption.*

5.3 In carrying out this work the Committee will primarily utilise the work of Internal Audit, External Audit, the Local Counter Fraud Specialist, NHS Counter Fraud Authority, and other assurance functions, but will not be limited to these sources. It will also seek reports and assurances from managers as appropriate, concentrating on the overarching systems of governance, risk management and internal control, together with indicators of their effectiveness.

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

5.5 The Committee will review the CCGs full Assurance Framework and Risk Register in accordance with the CCG's Integrated Risk Management Framework.

5.6 The Committee will monitor compliance with the CCG's Standing Orders and Prime Financial Policies and will receive regular reports of any decisions to suspend standing orders, instances of non-compliance with prime financial policies, changes to banking arrangements, use of single tender waivers, or losses and special payments.

5.7 The Committee will review and approve Operational and Financial Policies as appropriate.

5.8 The Committee will annually review Standing Orders, Scheme of Delegation and Prime Financial Policies.

5.9 The Committee will review the Register of Interests, Register of Gifts, Hospitality & Sponsorship & Register of Procurement Decisions.

5.10 The Committee will maintain corporate oversight of health & safety, fire safety and business continuity and will receive regular reports from the Health & Safety and Business Continuity Group.

6. Internal Audit

6.1 The Committee shall ensure that there is an effective internal audit function established by management that meets mandatory Public Sector Internal Audit Standards and provides appropriate independent assurance to the Governing Body. This will be achieved by:

(a) Consideration of the provision of the internal audit service, the cost of the audit and any questions of resignation and dismissal;

(b) 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;

(c) Considering the major findings of internal audit work (and management's response), and ensuring coordination between the internal and external auditors to optimise audit resources;

(d) Ensuring that the Internal Audit function is adequately resourced and has appropriate standing within the organisation;

(e) An annual review of the effectiveness of internal audit.

7. External Audit

7.1 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:

(a) Consideration of the appointment and performance of the External Auditor, as far as the rules governing the appointment permit;

(b) Discussion and agreement with the External Auditors, before the audit commences, of the nature and scope of the audit as set out in the Annual Audit plan, and ensuring coordination, as appropriate, with other External Auditors in the local health economy;

(c) 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;

(d) Review of all External Audit reports, including the report to those charged with governance, review of the annual audit letter before publication, and any work undertaken outside the annual audit plan, together with the appropriateness of the management responses.

(e) Any work outside the External Audit plan is approved by the Audit Committee before commencement.

8. Financial Reporting

8.1 The 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.

8.2 The Committee should 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 Governing Body.

8.3 The Committee shall review the Clinical Commissioning Group Annual Report before submission to the Clinical Commissioning Group Governing Body and review the Financial Statements, focusing particularly on:

(a) The wording in the Annual Governance Statement and other disclosures relevant to the Terms of Reference of the Committee;

(b) Changes in, and compliance with, accounting policies and practices;

(c) Major judgemental areas and significant adjustments resulting from the audit, unadjusted mis-statements in the financial statements;

(d) Letter of Representation.

9. Other Assurance Functions

9.1 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.

9.2 These will include, but will not be limited to, any reviews by Department of Health Arm's Length Bodies or Regulators/Inspectors (eg Care Quality Commission, NHS Litigation Authority etc), professional bodies with responsibility for the performance of staff or functions (eg Medical Royal Colleges, other professional bodies and accreditation bodies etc)

9.3 In addition, the Committee will review the work of other Committees within the organisation, whose work can provide relevant assurance to the Audit Group's own scope of work. This will include Committees that have a remit for clinical governance, finance and performance and commissioning.

10. Counter Fraud

10.1 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. The Committee will seek assurance regarding the organisation's compliance with NHS Counter Fraud Authority's *Standards for Commissioners: Fraud, Bribery and Corruption* by various means including reports from the Local Counter Fraud Specialist, the CCG's annual self-assessment (Self Review Tool) submissions to NHS Counter Fraud Authority, and from NHS

Counter Fraud Authority inspection reports. The Committee will review incidents of fraud and corruption that could have a significant impact on CCG accounts or reputation.

11. Management

11.1 The Committee shall request and review reports and positive assurances from managers on the overall arrangements for governance, risk management and internal control.

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

12. Membership

12.1 The membership of the Audit Committee will be:

(a) Governance Lay Member – Committee Chair;

(b) PPE and Primary Care Lay Member;

(c) Governing Body Elected Member;

(d) One member of the Membership Council (vacant).

12.2 The following will be in attendance:

(a) The Chief Finance Officer;

(b) The Head of Governance and Assurance;

(c) The Chief Officer will attend the Committee at least once a year to answer questions in relation to Internal Controls and Assurance;

(d) Representatives from External Audit, Internal Audit and Counter Fraud.

12.3 The Chair will be:

(a) Appointed as set out in the Clinical Commissioning Group Constitution for a term of 3 years;

(b) A Lay Member of the Governing Body who has the qualifications, expertise or experience such as to enable them to express informed view about financial management and audit matters.

12.4 The following are disqualified from being Members of the Audit Committee:

(a) The Chair of the Clinical Commissioning Group Governing Body;

(b) The Chief Finance Officer;

(c) All CCG employees other than Governing Body GPs who may serve as members of the committee in accordance with paragraph 12.1 above.

13 Quorum

13.1 A minimum of 2 members (one of which should be a lay member) will constitute a quorum.

13.2 If the meeting becomes inquorate, the meeting shall either be suspended or decisions adjourned to another date, including consideration of virtual agreement.

13.3 A decision put to a vote at the meeting shall be determined by a majority of the votes of members present. In the case of an equal vote, the Chair of the Committee shall have a second and casting vote.

13.4 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.

14 Attendance

14.1 The Clinical Commissioning Group Chief Finance Officer, or designated representative, shall be required to attend all meetings of the Committee, and the Head of Governance and Assurance will support the Committee.

14.2 Appropriate Internal Audit, External Audit, and Local Counter Fraud Specialist representatives shall be invited to attend meetings. At least once a year the Committee should meet privately with the External and Internal Auditors.

14.3 The Chief Officer would normally be invited to attend and discuss, at least annually with the committee, the process for assurance that supports the Annual Governance Statement. He or she would also normally attend when the committee considers the draft internal audit plan and the annual accounts.

14.4 Regardless of attendance, external audit, internal audit, local counter fraud and security management providers will have full and unrestricted rights of access to the audit committee.

14.5 Any NHS Manager/CCG Clinical Leads may be invited to attend, particularly when the committee is discussing areas of risk or operation that are the responsibility of that director.

14.6 The Chair of the Governing Body will be invited to attend one meeting per year in order to form a view on, and understanding of, the committee's operations.

14.7 Deputies are not permitted except in exceptional circumstances, and only with the agreement of the Chair.

15. Reporting Arrangements

15.1 The minutes of Audit Committee meetings shall be formally recorded and submitted to the Clinical Commissioning Group 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.

15.2 The Group will report to the Clinical Commissioning Group Governing Body at least 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 or risk management in the organisation and the integration of governance arrangements.

15.3 A Committee Annual Report will be produced for submission to the Governing Body.

16. Administration

16.1 The Head of Governance and Assurance will oversee the management of the Committee supported by the Chief Finance Officer.

16.2 The Head of Governance and Assurance will be responsible for supporting the Chair in the management of the Committee's business and for drawing the Committee's attention to best practice, national guidance and other relevant documents, as appropriate.

17. Frequency

17.1 Meetings shall be held at least four times a year and more frequently if or when the work plan warrants it.

17.2 The External Auditor, Internal Auditor, or Local Counter Fraud Specialist may request a meeting if they consider that one is necessary.

17.3 The agenda and papers will be made available five working days in advance of the meeting.

18. Conduct of the Committee

18.1 The Committee shall conduct its business in accordance with national guidance, relevant codes of practice including the Nolan Principles and the Clinical Commissioning Group Standards of Business Conduct, Managing Conflicts of Interest & Acceptance of Gifts & Hospitality Policy.

18.2 The Committee should review at least annually its own performance, membership and terms of reference. Any resulting changes to the terms of reference or membership should be approved by the Governing Body.

19. Review

19.1 These Terms of Reference will be reviewed at least once a year or sooner if required, with recommendations made to the Clinical Commissioning Group Governing Body for approval

Reviewed by Audit Committee October 2019, approved by Governing Body November 2019