

Terms of Reference V2.0

Audit and Governance Committee

1. Accountability Arrangements and Authority

The Audit and Governance Committee (the committee) is established in accordance with NHS Bradford Districts 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 CCG's constitution.

The Audit and Governance Committee is accountable to the Governing Body.

The Audit and Governance 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 or member of the Governing Body or Clinical Board / Executive and they are directed to co-operate with any request made by the Committee within its remit as outlined in these terms of reference.

The Audit and Governance Committee is authorised to commission report or surveys it deems necessary to help fulfil its obligations.

The Audit and Governance 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.

2. Relationships and Reporting

The Audit and Governance Committee is accountable to the CCG Governing Body.

The minutes of the Audit and Governance Committee shall be formally recorded and submitted to the Governing Body. The Chair of the Audit and Governance Committee shall draw to the attention of the Governing Body any significant issues or risks. Reports on specific issues shall be prepared for consideration by the Governing Body as appropriate.

The Audit and Governance Committee will report to the Governing Body at least annually on its work in support of the Annual Governance Statement, specifically commenting on:

- the performance of the committee and its review of its terms of reference
- the fitness for purpose of the Governing Body Assurance Framework
- the completeness and embeddedness of risk management
- the effectiveness of integrated governance
- the appropriateness of the evidence to support compliance with the 'going concern' principle (i.e. continuing existence as a functioning organisation)
- details of any significant issues in relation to the financial statements and how these were addressed

3. Role and function

The role of the Audit and Governance Committee is to review and provide assurance to the Governing Body on the adequate and effective operation of the CCG's overall internal control system, with particular responsibilities related to financial reporting and management. The Audit and Governance Committee will also ensure an appropriate relationship is maintained with both the internal and external auditors.

Under Section 5 of the Constitution, the Audit and Governance Committee is charged with providing assurance to the Governing Body on the following functions:

- Ensuring that expenditure does not exceed the aggregated of tis allotments for the financial year.
- Ensuring the CCG's use of resources does not exceed the amount specified by NHS England for the financial year.
- Taking account of any directions specified by NHS England in respect of specified resource use.
- Publishing an explanation of how the Group spent any payment in respect of quality made to it by NHS England.

The work of the committee will be flexible to new and emerging priorities and risks.

The Audit and Governance Committee, or a sub-set of it, will also act as the 'Auditor Panel' for the appointment of the External Auditor, as required by the Local Audit & Accountability Act 2014 and the Local Audit (Health Service Bodies Auditor Panel and Independence) Regulations 2015.

4. Responsibilities

The Audit and Governance Committee is responsible for reviewing the arrangements for integrated governance and risk management activities within the CCG.

The Audit and Governance 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.

The key duties of the Audit and Governance Committee are as follows:-

4.1 Integrated Governance, Risk Management and Internal Control

The Audit and Governance 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. The Audit and Governance Committee will also approve the CCG's risk management arrangements via approval of the Integrated Risk Management Framework.

In particular, the Audit and Governance 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.
- The underlying assurance processes that indicate the degree of achievement of the CCGs 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 anti-bribery, fraud and corruption as set out in Secretary of State Directions and as required by the NHS Protect.

In carrying out this work the Audit and Governance Committee will primarily utilise the work of internal audit, external audit and other assurance functions, but will not be limited to these sources. It may 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.

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

4.2 Financial Reporting

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

The Audit and Governance Committee shall ensure that the systems for financial reporting to the CCG, including those of budgetary control, are subject to review as to completeness and accuracy of the information provided to the CCG.

The Audit and Governance Committee shall review and approve the annual report and financial statements before submission to the CCG, 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.

4.3 Internal Audit

The Audit and Governance 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 committee, Accountable Officer and CCG. 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.

The Audit and Governance Committee will meet privately with Internal Audit at least annually.

4.4 External Audit

The Audit and Governance 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 CCG 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 groups and any work undertaken outside the annual audit plan, together with the appropriateness of management responses.
- An annual review of the effectiveness of external audit.

The Audit and Governance Committee will meet privately with External Audit at least annually.

The Audit and Governance Committee, or a sub-set of it, will also act as the 'Auditor Panel' for the appointment of the External Auditor, as required by the Local Audit & Accountability Act 2014 and the Local Audit (Health Service Bodies Auditor Panel and Independence) Regulations 2015. The Auditor Panel will:

- Advise the CCG's Governing Body on the selection and appointment of the External Auditor.
- Ensure that a notice is published on their website within 28 days of appointing the External Auditor providing details of the appointment made and the advice given by the Auditor Panel (and the reasons for not following this advice if the CCG's Governing Body so chose).
- Ensure that if the CCG fails to appoint an External Auditor, that this is notified to NHS England by the 25th March in the preceding financial year.

- Advise the CCG's Governing Body on the purchase of any 'non-audit services' from the External Auditor.
- Advise the CCG's Governing Body on the ongoing maintenance of an independent relationship with the External Auditor.

4.5 Counter Fraud and Security Management

The Audit and Governance Committee shall satisfy itself that the CCG has adequate arrangements in place for countering fraud, bribery and corruption. 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.

The Audit and Governance Committee shall satisfy itself that the CCG has adequate arrangements in place for security management. This shall be achieved by:

- Approving the local security management plan and monitoring its implementation.
- Receiving updates on local security management cases.
- Receiving briefings/updates on national security management issues as appropriate.

4.6 Information Governance

The Audit and Governance Committee shall maintain an overview of the adequacy and effectiveness of Information Governance across the whole of the CCG's activities and provide assurance to the Governing Body that risks associated with Information Governance are being managed, highlighting any significant risks and related resource implications where these arise.

The Audit and Governance Committee shall achieve this by:

- Establishing and monitoring an annual information governance work programme.
- Seeking assurance that effective arrangements are in place for Information Governance, ensuring that any risks and incidents are appropriately managed and reported.
- Seeking assurance that resources and systems are in place to support the delivery of the Information Governance Toolkit and to receive an exception report on any significant risks or gaps in compliance;
- Receiving and considering reports into breaches of confidentiality and security, other relevant incidents, audit and data quality reports.
- Reviewing and recommending relevant policies, guidelines and procedures for approval.
Seeking assurance that the CCG is fulfilling statutory duties regarding the Freedom of Information Act.

4.7 Health and Safety

The Audit and Governance Committee shall maintain an overview of the adequacy and effectiveness of health and safety across the whole of the CCG's activities and provide

assurance to the Governing Body that risks associated with health and safety are being managed, highlighting any significant risks and related resource implications where these arise.

The Audit and Governance Committee shall achieve this by:

- Establishing and monitoring an annual health and safety work programme.
- Seeking assurance that effective arrangements are in place for health and safety, ensuring that any risks and incidents are appropriately managed and reported.
- an exception report on any significant risks or gaps in compliance;
- Receiving and considering reports into any health and safety risk assessments, incidents, etc.
- Reviewing and recommending relevant policies, guidelines and procedures for approval.

4.8 Other Assurance Functions

The Audit and Governance 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).

4.9 Management

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

The Audit and Governance Committee may also request specific reports from individual functions within the CCG as they may be appropriate to the overall arrangements.

4.10 Whistle Blowing

To review the effectiveness of the arrangements in place for allowing staff or Clinical Board / Executive or Governing Body members 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. Any issues raised under the formal stage of the policy will be reported to the Audit and Governance Committee.

4.11 Other Duties

- To approve policies in respect of all areas of the committee's responsibilities.
- To consider and make recommendations to the Clinical Board / Executive or Governing Body in respect of strategies on all areas of the committee's responsibilities.

- To receive and review reports on waivers of Standing Orders and Standing Financial Instructions that have taken place or on any issues relating to compliance with these documents.
- To receive and review the Register of Application of the Seal
- To receive and review the Register of Interests and Register of Procurement Decisions.
- To receive and review reports on standards of business conduct/receipts of gifts, hospitality and sponsorship.
- To undertake a periodic review of Standing Orders, SFIs and the Scheme of Delegation.
- To undertake an annual review of the Committee's own effectiveness.
- To undertake an annual review of effectiveness of other CCG Committees on behalf of the Governing Body.

5. Membership

The Audit and Governance Committee shall be appointed by the CCG as set out in the CCGs constitution and may include individuals who are not on the Governing Body. The Chair of the Governing Body will not be a member of the committee.

Membership:

- Lay Member for Finance
- Lay Member for Governance
- Registered Nurse
- Lay Member for Patient and Public Involvement (if required for quorum)
- Secondary Care Consultant (if required for quorum)

6. Chair

The Audit and Governance Committee will be chaired by the Lay Member for Finance.

The Deputy Chair will be the Lay Member for Governance.

7. Decision-making and Voting

Generally, it is expected that meeting decisions will be reached by consensus. Should this not be possible, each voting member of the Audit and Governance Committee will have one vote. Decisions will be by majority vote.

In the event of a tied vote, the Chair of the committee meeting will have a second and casting vote.

Should a vote be taken, the outcome of the vote and any dissenting views will be recorded in the minutes of the meeting.

8. Quorum

Quorum shall be two members of the Audit and Governance Committee . If the committee is not quorate the meeting may be postponed at the discretion of the chair. If the meeting does take place and is not quorate, no decisions shall be made at that meeting and such matters must be deferred until the next quorate meeting.

9. In Attendance

The Chief Finance Officer, a representative from Internal Audit, a representative from External Audit, the Associate Director of Corporate Affairs and the Head of Governance shall normally attend meetings.

In addition:

- At least once a year the committee may wish to meet privately with the external and internal auditors.
- 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 and Governance Committee.
- The Accountable Officer should be invited to attend and discuss, at least annually with the committee, the process for assurance that supports the statement on internal control. He or she should also normally attend when the committee considers the draft internal audit plan and the annual accounts.
- Any other member of the CCGs leadership team may be invited to attend, particularly when the committee is discussing areas of risk or operation.

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.

10. Meetings

Meetings shall be held not less than four times a year and will normally meet as a committee in common with NHS Bradford City CCG and NHS Airedale Wharfedale and Craven CCG.

A minimum of ten days' notice should be given when calling a meeting.

The meeting will be called by the Chair of the Committee.

The External Auditor or Head of Internal Audit may request a meeting if they consider that one is necessary and this may be called at shorter notice than stated above

11. Sub-Committees / Groups

The Audit and Governance Committee may establish sub-committees or groups to support it in its role. However, they may only delegate responsibility and authority to a sub-committee or group, if expressly authorised to do so by the Governing Body.

12. Conduct

The Audit and Governance Committee will conduct its business in accordance with relevant national guidance, including the NHS Audit Committee Handbook and relevant codes of practice such as the Nolan Principles, which are included in the CCGs constitution.

13. Management of Conflicts of Interest

The Audit and Governance Committee will adhere to the CCG's Business Conduct & Conflicts of Interest Policy.

If any member of the committee has an actual or potential conflict of interest in any matter and is present at the meeting at which the matter is under discussion, they will declare that interest at the start of the meeting and again at the relevant agenda item and this shall be recorded in the minutes. The Chair of the meeting will determine how the interest will be managed in accordance with the CCG's Business Conduct & Conflicts of Interest Policy.

The minutes must specify how the Chair decided to manage the declared interest, i.e. did the individual(s) concerned:

- Take part in the discussion but not in the decision-making?
- Did not take part in either the discussion or decision-making?
- Take part in the discussion and left the meeting for the decision? or
- Left the meeting for the whole of the item?

In making this decision the Chair will need to consider the following points:

- The nature and materiality of the decision.
- The nature and materiality of the declared interest(s).
- The availability of relevant expertise.
- As a general rule (and subject to the judgement of the Chair), if an interest involves a pecuniary interest or a significant non-pecuniary interest, the individual should be asked to leave the meeting for the whole item.

14. Administration

The Corporate Affairs function will provide administrative support to the committee and will ensure that papers are issued at least five working days before a meeting and that draft minutes are circulated within ten working days after a meeting.

The Corporate Affairs function 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.

The Corporate Affairs function in conjunction with the Chair of the Audit and Governance Committee will develop and maintain a work programme to inform and guide the work of the committee.

15. Urgent Matters Arising Between Meetings

The Chair of the Audit and Governance Committee in consultation with either the Chief Finance Officer or the Accountable Officer may also act on urgent matters arising between meetings.

In the absence of the Chair, the one of the other Audit and Governance Committee members and either the Chief Finance Officer or Accountable Officer may act together.

These matters will be ratified at the next meeting of the committee.

16. Monitoring of Performance and Compliance

The Audit and Governance Committee will review its own effectiveness, its compliance with its terms of reference and the terms of reference document itself at least annually and a report of the outcomes of this review will be produced and reported to the Governing Body.

The Governing Body is responsible for monitoring the performance of the committee through receipt of its minutes and Annual Report.

17. Date TOR agreed

Approved by BD Governing Body 11th September 2018

18. TOR Review Date and Approving Body

Last reviewed by the A&G Committee on 13th July 2018 – no changes proposed.

Annually, or as and when legislation or best practice guidance is updated.

Any amended Terms of Reference will be agreed by the Audit and Governance Committee for recommendation to a subsequent meeting of the Governing Body.