

ANNEX 2

NHS Nene Clinical Commissioning Group

Audit and Risk Committee

(operating under a Committee in Common arrangement with NHS Corby CCG)

Terms of Reference

| | |
|---|--|
| Membership | <ul style="list-style-type: none"> • Lay member for Audit and Governance (Chair) • Lay Member for Finance and Planning (Deputy Chair) • Lay Member for Primary Care • Joint Secondary Care Doctor |
| Quorum | <ul style="list-style-type: none"> • 2 x members (one of whom should be a lay member) |
| In Attendance | <ul style="list-style-type: none"> • Joint Chief Finance Officer • Joint Accountable Officer • Internal Auditors • External Auditors • Health & Safety Lead • Counter Fraud Lead • Information Governance Lead • Risk and Business Continuity Lead • Deputy Chief Finance Officer • Deputy Director of Corporate Affairs • Board Secretary • GP Clinical Representative • Ad hoc invitations as required will be extended to individuals where they are not nominated or a member to be in attendance at relevant meetings of the Audit and Risk Committee and requested by the Chair of the Committee. |
| Frequency of Meetings | <ul style="list-style-type: none"> • Bi-Monthly • This Committee shall meet in common with the Audit and Risk Committee of NHS Corby CCG |
| Accountability and Reporting | <ul style="list-style-type: none"> • Accountable to Nene CCG Governing Body • Highlight Report from the Chair of the Committee to be presented to Governing Body meeting • Approved minutes presented to Governing Body meetings |
| Date of Approval by Committee | <i>July 2019</i> |
| Date of Ratification by Governing Body | <i>July 2019</i> |
| Effective Date | <i>September 2019</i> |
| Review Date | <i>July 2020</i> |

1. Constitution

The Audit and Risk Committee (the Committee) is established in accordance with NHS Nene 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 CCG 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.

This Committee shall meet in common with the Audit and Risk Committee of NHS Corby CCG.

1.1 Committees in Common

CCGs are permitted to delegate to a committee or sub-committee of the CCG. If this committee meets at the same time, in the same location as other committees (from the other CCG) it is referred to as committees in common. It is the place and time that meetings are held that is in common, rather than the committees themselves. In order for committee meetings in common to operate consistently within the legal framework, several requirements must be met:

- Each committee must have its own agenda, although they may be identical
- Each committee must take its own decisions and these must be recorded in its own minutes
- Note that there is more than one committee: committees should be referred to as "committees in common" or "committees meeting in common" and not "a committee in common" – it must be technically possible for each committee in the arrangement to reach a different decision, although this will be unlikely
- There must be clear terms of reference for each committee and clear reporting lines back to both CCG's
- Audit / Remuneration Committee members must be members of their respective CCG's Governing Body
- It must be technically possible for each committee in the arrangement, to reach a different decision however unlikely this may be

Regardless of any arrangements permitting decisions to be made following discussion by committees in common, each CCG retains individual accountability for any decisions taken on behalf of their local populations.

1.2 What does the law require?

The NHS Act 2006 / Health & Social Care Act 2012 require that each CCG has its own Governing Body and that it must have an Audit Committee and a Remuneration Committee*. The law does not permit CCGs to have joint arrangements whereby a single Governing Body, Audit or Remuneration Committee acts for more than one CCG, although two CCGs can form committees in common for these purposes. In addition to this, any non-commissioning committees can meet in common.

**This has been expanded to include the Primary Care Commissioning Committee from 01 April 2017.*

2. Purpose

The Purpose of the Audit & Risk Committee (the Committee) is to assist the Governing Body in the performance of their duties including to:

- Review the establishment and maintenance of an effective internal control and risk management process across the whole of the NHS Nene Clinical Commissioning Group's activities that supports the achievement of the CCG's objectives;

- Monitor the integrity of the financial statements of the CCG;
- Monitor the independent auditors' qualifications, independence and performance;
- Monitor the performance of the CCG's Internal Audit function and Local Counter Fraud provision;
- Monitor compliance by the CCG with legal and regulatory requirements.

3. Membership

Members of the Committee shall be appointed by the Governing Body. The Committee shall be made up of not less than two Members, one of whom should be a Lay member. Members may not appoint a deputy to represent them at a Committee meeting. The Chair of the CCG must not be a member of the Audit & Risk Committee.

The membership comprises:

- Lay Member for Audit and Governance (Chair)
- Lay Member for Financial Planning (Deputy Chair)
- Lay Member for Primary Care
- Joint Secondary Care Doctor

Only members of the Committee have the right to attend and vote at Committee meetings. The Committee may require other officers of the CCG and other individuals to attend all or any part of its meetings.

The Chair of the Committee will be a lay member. In the absence of the Committee Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

In addition to the Members the following are invited as appropriate to attend meetings of the Audit & Risk committee:

- Joint Chief Finance Officer
- Joint Accountable Officer
- Internal Auditors
- External Auditors
- Health & Safety Lead
- Counter Fraud Lead
- Information Governance Lead
- Risk and Business Continuity Lead
- Deputy Chief Finance Officer
- Deputy Director of Corporate Affairs
- Board Secretary
- GP Clinical Representative

Ad hoc invitations as required will be extended to individuals where they are not nominated or a member to be in attendance at relevant meetings of the Audit and Risk Committee and requested by the Chair of the Committee.

4. Quorum, Frequency of meetings and required frequency of attendance

The Committee will be considered quorate if a minimum of two Members are present.

The Committee will normally meet at least four times a year at appropriate times in the reporting cycle and otherwise as required. Committee members should aim to attend all scheduled meetings but should aim to attend a minimum of three meetings save in unusual or exceptional

circumstances. The Board Secretary will maintain a register of attendance which will normally be published in the CCG's annual report.

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.

5. In attendance

Internal and External Audit representatives will normally attend meetings as appropriate, with or without Executives present, either at the request of the Committee or at any time they wish to do so or where year-end accounts and systems are discussed and at least once a year the Committee shall meet privately with the Internal and External Auditors.

Representatives of Counter Fraud will be invited to attend meetings and will attend at least one meeting each year.

The Joint Accountable Officer will be invited to attend any meeting and should attend at least annually to discuss with the Committee the process for assurance that supports the Governance Statement.

The Chair of the Governing Body will be invited to attend at least one meeting each year to form a view on, and understanding of, the Committee's operations.

Others may be invited at the discretion of the Committee, although these individuals will be in attendance only. Those in attendance may appoint a deputy to attend on their behalf but should aim to attend a minimum of three scheduled meetings.

6. Authority

The Committee is a Committee of the Governing Body to support them in their responsibilities for issues of governance, risk and internal control by reviewing the comprehensiveness of assurances in meeting the Governing Body's and the Joint Accountable Officer's assurance needs and reviewing the reliability and integrity of these assurances.

The Committee is authorised:

- to seek any information it requires from any employee of the CCG in order to perform its duties
- to obtain, outside legal or other independent professional advice on any matter within its terms of reference. This shall be authorised by the Chairman of the Committee
- to call any employee to be questioned at a meeting of the Committee as and when required.

7. Duties

The Committee will carry out the following duties for the CCG:

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 (both clinical and non-clinical, that supports the achievement of the CCG'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 Accounts, together with any accompanying Head of Internal Audit Statement, external audit opinion or other appropriate independent assurances), prior to endorsement by the Governing Body;

- The underlying assurance processes that indicate the degree of achievement of CCG objectives and assurance over quality of data in relation to financial performance reporting. This shall be through a review of the work of other relevant Committees which provide relevant assurances to support the Audit Committee's own scope of work;
- The policies for ensuring compliance with relevant regulatory, legal and code of conduct requirements;
- The Standing Orders, Standing Financial Instructions and Scheme of Delegation of the CCG;
- The policies and procedures for all work related to fraud and corruption; and
- The policies and procedures for staff to raise, in confidence, concerns about possible improprieties in matter of both financial reporting and control and broader matters of clinical / patient safety, ensuring that arrangements are in place for independent investigation of such matters and for appropriate follow up action.

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 assurances from directors and managers as appropriate, concentrating on the overarching systems of integrated governance, risk management and internal control, together with indicators of their effectiveness. This will be evidenced through the Board Assurance Framework (as derived from the Risk Registers) and review of progress which will guide the work of the Committee and that of the audit and assurance functions that report to it.

Internal Audit

To ensure that there is an effective Internal Audit function that meets mandatory Internal Audit Standards and provides appropriate independent assurance to the Committee and Governing Body by:

- Considering and making recommendations for the provision of the Internal Audit service, the cost of the audit and any questions of resignation or dismissal;
- Reviewing and approving the internal audit strategy, and the detailed programme of work ensuring that this is consistent with the audit needs of the CCG as identified in the Board Assurance Framework;
- Assurance Framework;
- Considering the major findings of Internal Audit, together with management's response;
- The Committee shall monitor the implementation of actions to address all recommendations through the use of appropriate tracking mechanisms;
- Ensuring co-ordination between the internal and external auditors to optimise audit resources and avoid duplication;
- Ensuring that the Internal Audit function is adequately resourced and has appropriate standing within the organisation; and
- Carrying out an annual review of the effectiveness of Internal Audit

External Audit

To review the work and findings of the External Auditors and consider the implications and management responses to their work by:

- Considering the appointment and performance of External Auditors as far as the rules governing the appointment permit;
- Discussing and agreeing with the External Auditors, before the audit commences, of 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;
- Discussing with the External Auditors their local evaluation of audit risks, their assessment of the CCG and associated impact on the audit fee; and
- Reviewing 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.

Other Assurance Functions

- To review the findings of other significant assurance functions, both internal and external to the organisation, and consider the implications for the governance of the organisation.
- To review the work of other committees within the CCG whose work can provide relevant assurance to the Audit & Risk Committee's own scope of work. In particular this will include the Quality Committee and any other risk management committees that are established.
- In reviewing the work of the Quality Committee and issues around clinical risk management, the Audit & Risk Committee will wish to satisfy itself on the assurance gained from the clinical audit function.
- Assurances will also be reviewed from information governance, workforce, health, safety and security, emergency planning & business continuity and other such assurance functions.
- To review joint working arrangements to ensure that they do not interfere with the effectiveness of the assurance process.

Counter Fraud

- To approve counter fraud work programmes and review the outcomes of counter fraud work
- To monitor and ensure implementation of any management actions recommended through the annual self-assessment review tool process and/or any qualitative assessment conducted by the NHS Counter Fraud Authority.

Financial Reporting

The Committee shall review the Annual Report and Financial Statements before submission to the Governing Body, 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 the preparation of the financial statements;
- Significant adjustments resulting from the audit;
- Letter of Representation; and
- Qualitative aspects of financial reporting.

The Committee should also ensure that the systems for financial reporting to the Governing Body, including those of budgetary control, are subject to review as to completeness and accuracy of the information provided to the Governing Body.

- The Committee shall monitor compliance with CCG's Standing Orders, including through notification and review of any decision to suspend them; and
- The Committee shall monitor compliance with Standing Financial Instructions through receipt of waivers for all variations.

Conflict of Interest

- To ensure the appropriate monitoring and reporting of Conflict of Interests in accordance with the CCG's Conflict of Interest Policy and NHS England policy guidance.

8. Reporting Arrangements

The Committee is accountable to and will report to the Governing Body on its proceedings after each meeting.

The Committee will produce an annual report to the Governing Body.

There are no committees which are accountable to and report to the Audit & Risk Committee.

9. Compliance and Effectiveness

The Committee will conduct its business in accordance with any national guidance, CCG Policies and procedures, relevant codes of conduct / good governance practice and in accordance with Nolan's seven principles of public life.

The Governing Body will monitor the effectiveness of the Committee through receipt of the Committee's minutes, at least quarterly, and such written or verbal reports that the Chair of the Committee might provide. The Chair of the Committee will draw to the attention of the Governing Body any issues that require disclosure or require Executive action.

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, the appropriateness of the evidence compiled to demonstrate fitness to register with the CQC and the robustness of the processes behind the quality accounts.

The Chair will assess agenda items to ensure they comply with the Committee's responsibilities.

The Chair will ask, at the beginning of each meeting, whether any member has a conflict of interest to declare about any item being discussed at the meeting. He will also have a copy of the registered interests of all CCG members attending the meeting. Conflicts of Interest will be dealt with in accordance with CCG Policy.

10. Administration

The Committee shall be supported administratively by the Board Secretary whose duties in this respect will include:

- Review of the Terms of Reference
- Maintain agenda against cycle of business and agreement of the agenda with the Chair
- Collation and distribution of papers
- Taking and issuing the minutes and preparing an action log in a timely way;
- Record attendance

11. Requirement for review

The Terms of Reference will be reviewed annually or sooner if required with recommendations made to the Governing Body for ratification.

12. FOI Reminder

The minutes (or sub-sections) of the Committee, unless deemed exempt under the Freedom of Information Act 2000, shall be made available to the public, through the Governing Body meeting.

13. Equality Act

Each decision made/approved by the Audit and Risk Committee should align to the CCGs commitment to equality and inclusion. And by doing so, the Audit and Risk Committee must be satisfied that decisions made meet the requirements of equality law, including but not limited to the Equality Act 2010; s149 Public Sector Equality Duty (PSED).