

### Terms of Reference

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| <b>Title:</b>                | <b>Audit and Governance Committee</b>   |
| <b>Approving Body:</b>       | Governing Body  |
| <b>Review date:</b>          | September 2018  |
| <b>Approval date:</b>        | Governing Body –  |
| <b>Introduction/Purpose:</b> | The Audit Committee (the committee) is established in accordance with NNE Clinical Commissioning Group’s constitution. The committee is a non-executive committee of the Governing Body and has no executive powers, other than those delegated in these terms of reference. 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. These terms of reference will be available on request.  |
| <b>Membership:</b>           | <p>The committee shall be appointed by the clinical commissioning group as set out in the clinical commissioning group’s constitution. It will consist of all the Lay Members of the clinical commissioning group. The Lay Member on the Governing Body, with a lead role in overseeing key elements of financial management and audit, will chair the Audit Committee. The Chair will have recent relevant financial experience and other members must ensure they receive induction and training in their role including appropriate financial literacy and understanding of internal control. Lay members are appointed in accordance with the constitution of NNE clinical commissioning group.</p> <p><b>Membership</b></p> <ul style="list-style-type: none"> <li>• NNE CCG Lay members <ul style="list-style-type: none"> <li>○ Financial Management and Audit</li> <li>○ Patient and Public Involvement</li> <li>○ Primary Care</li> </ul> </li> <li>• Membership may be drawn from other Governing Body members.</li> <li>• Attendees <ul style="list-style-type: none"> <li>○ Chief Finance Officer</li> <li>○ Director of Operations</li> <li>○ Secretary</li> </ul> </li> </ul> |
| <b>Attendance:</b>           | <p>The Chief Finance Officer and appropriate internal and external audit representatives shall normally attend meetings. At least once a year the Committee will meet privately with the external and internal auditors.</p> <p>The Counter Fraud Specialist will have full and unrestricted rights of access to the committee and will normally attend one meeting per</p>   |

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|  | <p>annum.</p> <p>The Chief Officer and Chair of the Clinical Commissioning Group should be invited to attend and should discuss at least annually with the committee the process for assurance that supports the Chief Officer's statement of responsibilities as the Clinical Commissioning Group's Accountable Officer.</p> <p>Other members of the Governing Body and employees of the Clinical Commissioning Group will attend the committee when invited. Such invitations will arise when the committee is discussing areas of risk or operation that relate to those members or employees.</p>   |
| <b>Secretary:</b>                          | <p>Secretarial support is provided by the Operations Directorate who will be responsible for:</p> <ul style="list-style-type: none"> <li>• Providing support to the Chair</li> <li>• Agreeing the agenda with the Chair</li> <li>• Collating and circulating all necessary papers</li> <li>• Drawing the Audit and Governance Committee's attention to best practice, national guidance and other relevant documents as appropriate.</li> </ul>   |
| <b>Chair and Deputy Chair:</b>             | <p>The Chair will be the Lay Member on the Governing Body, with a lead role for audit.</p> <p>In the event of the Chair of the Audit and Governance 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.</p>   |
| <b>Quorum:</b>                             | A quorum shall be two members.  |
| <b>Frequency of Meetings:</b>              | A minimum of five meetings per annum will be needed to allow the committee to discharge its responsibilities. Timing will be decided by reference to the reporting and audit cycle. External or internal auditors may request a meeting if they consider one is necessary.  |
| <b>Rules for Meetings and Proceedings:</b> | The secretary will ensure that all meeting agendas and supporting papers are sent to attendees at least seven working days before the meeting will take place.  |
| <b>Remit and Responsibility:</b>           | <p>The Committee shall critically review the Clinical Commissioning Group's financial reporting, risk and internal control principles and ensure an appropriate relationship with both internal and external auditors is maintained.</p> <p><i>Financial reporting</i></p> <p>The Committee will monitor the integrity of the financial statements of the CCG and any formal announcements relating to the CCGs' financial performance. It will ensure that the systems for financial reporting to the CCG Governing Body, including those of budgetary control are subject to review as to completeness and accuracy of the information provided to the CCG governing body. The committee will review the annual report and financial statements before submission to the CCG Governing Body.</p> <p><i>Internal control and risk</i></p> <p>The committee shall review the establishment and maintenance of an effective system of integrated governance, risk management and</p> |

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|   | <p>internal control, across the whole of the Clinical Commissioning Group's activities that support the achievement of the Clinical Commissioning Group's objectives.</p> <p>Its work will dovetail with that of any quality Committees, which the Clinical Commissioning Group establishes to seek assurance that robust clinical quality is in place. In addition the Committee will review the work of other Committees within the Clinical Commissioning Group whose work can provide relevant assurance to the Audit Committee's own scope of work</p> <p>In particular, the Committee will review the adequacy and effectiveness of:</p> <ul style="list-style-type: none"> <li>• All risk and control related disclosure statements (in particular the governance statement), together with any appropriate independent assurances, prior to endorsement by the Clinical Commissioning Group.</li> <li>• 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.</li> <li>• The policies for ensuring compliance with relevant regulatory, legal and code of conduct requirements and related reporting and self-certification.</li> <li>• All work related to fraud, bribery and corruption, to ensure compliance with NHS Protects 'Standards for Commissioners: Fraud, Bribery &amp; Corruption'.</li> <li>• Compliance with Standing Orders, the Scheme of Delegation and Standing Financial Instructions.</li> <li>• Corporate and governance structures.</li> </ul> <p>In carrying out this work the Committee will primarily utilise the work of internal audit, external audit and other assurance functions including any reviews by Department of Health arm's length bodies or regulators/inspectors (for example Care Quality Commission and NHS Litigation Authority), 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.</p> <p>This will be evidenced through the committee's use of a business assurance framework established by the governing body to guide its work and that of the audit and assurance functions that report to it.</p> |
| <p><b>Relationship with Governing Body and Sub-Groups</b></p> | <p>The minutes of the Audit and Governance Committee shall be submitted to the Governing Body. The Chair of the Audit and Governance Committee shall draw to the attention of the Governing Body any issues that require full disclosure to that body.</p> <p>The committee will report at least annually to the Governing Body on its work in support of the statement on internal control specifically commenting on the fitness for purpose of the Governing Body's assurance framework, the completeness and embeddedness of risk management and internal control in the organisation, and the quality of</p>   |

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|                                     | <p>financial reporting.</p> <p>The Committee will review delivery within governance and corporate arrangements.</p>  |
| <b>Relationship with other CCGs</b> | <p>The audit committee will seek to work with other audit committees of clinical commissioning groups in Nottinghamshire in full recognition of any shared resources and joint working arrangements. This will promote an efficient approach, enhanced results and eliminate any duplication of effort.</p>  |
| <b>Internal Audit</b>               | <p>The Committee shall ensure that there is an effective internal audit function that meets Public Sector Internal Audit Standards and provides appropriate independent assurance to the Audit Committee, Accountable Officer and Clinical Commissioning Group. This will be achieved by:</p> <ul style="list-style-type: none"> <li>• Control the appointment, resignation, dismissal and the cost of the internal audit service, working with other relevant CCGs.</li> <li>• 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.</li> <li>• 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.</li> <li>• Ensuring that the internal audit function is adequately resourced and has appropriate standing within the clinical commissioning group.</li> <li>• An annual review of the effectiveness of internal audit.</li> </ul> |
| <b>Counter Fraud</b>                | <p>The Committee shall satisfy itself that the organisation has adequate arrangements in place for countering fraud, bribery and corruption and shall review the outcomes of counter fraud, bribery and corruption work. The Committee shall seek assurance regarding the organisation's compliance with NHS Protects 'Standards for Commissioners: Fraud, Bribery &amp; Corruption', by means including: reports from the Counter Fraud Specialist, the CCG's annual Self-Assessment Review Toolkit (SRT) submissions to NHS Protect, and from NHS Protect inspection reports.</p>  |
| <b>External audit</b>               | <p>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:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• Consideration of the performance of the external auditors, as far as the rules governing the appointment permit.</li> </ul> <p>Review of all external audit reports, including the report to those</p>  |

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|                                       | 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   |
| <b>Declarations of Interest:</b>      | <p>All members of the Audit and Governance Committee will be required to complete a declaration of interest form in accordance with the CCG Conflict of Interest Policy.</p> <p>At the beginning of each meeting members will be required to declare a personal interest if it relates to a particular issue under consideration. Any such declaration will be formally recorded in the minutes of the meeting. The Chair will then make a decision about the member's participation in the discussion in accordance with the CCG Conflict of Interest Policy.</p> |
| <b>Duties – Standing Agenda Items</b> | <p><u>Administration:</u></p> <ul style="list-style-type: none"> <li>• Welcome and Apologies for absence</li> <li>• Declaration of Interests</li> <li>• Minutes of the last meeting</li> <li>• Matters Arising Action Log</li> <li>• Internal Audit</li> <li>• External Audit</li> </ul> <p><u>General Items:</u></p> <ul style="list-style-type: none"> <li>• Any Other Business</li> <li>• Date, time and venue of next meeting</li> </ul>   |
| <b>Accountability:</b>                | Governing Body   |
| <b>Monitoring</b>                     | The Committee will review its own performance on an annual basis.  |
| <b>Review of Terms of Reference:</b>  | <p>The terms of reference will be reviewed following confirmation of authorisation and thereafter at least annually.</p> <p>The terms of reference will be submitted to the CCG Governing Body for approval.</p>   |