

Introduction to the Role of the Audit Committee

Introduction

The formal requirement for every NHS Board to establish an Audit Committee originated in the 'Codes of Conduct and Accountability', issued by the Department of Health in April 1994. The requirement for Clinical Commissioning Groups to establish an Audit Committee is included in the Health and Social Care Act 2012.

The Audit Committee is one of only two Board sub-committees required by statute (the other being the Remuneration Committee). The Audit Committee is a committee of the Governing Body.

The key role of the Audit Committee is to scrutinise the governance, risk management and internal control arrangements put in place to ensure achievement of organisational objectives.

In order to do so the Audit Committee receives a range of assurances from different assurance providers (guided in this work by the CCG Assurance Framework) and reports on the adequacy of these assurances to the CCG Governing Body.

Getting Started

The Committee is appointed by the CCG Governing Body and may include individuals who are not on the Governing Body.

In order to be correctly constituted and function effectively the Audit Committee requires:

- Detailed terms of reference agreed with the CCG Governing Body.
- A work programme/timetable to guide its work.
- Adequate secretarial and administrative support.

Keeping Going

In undertaking its work the Audit Committee is supported by assurances from and the attendance at meetings of:

- Executive Management, notably the Chief Finance Officer, but any officer can be asked to attend meetings.
- Internal Audit
- External Audit
- Other assurance providers as required by the agenda (e.g. Counter Fraud Manager, Local Security Management Specialist [NHS Protect], Legal Services Manager, etc.).

The Audit Committee's work is informed by the CCG Board Assurance Framework which is in turn informed by the underlying risk management process. A key part of the Committee's role is to ensure that this process and the Assurance Framework itself is robust and then provide assurance on this to the CCG Board.

Another key part of the Audit Committee's role is to review and approve the plans of Internal and External Audit and to receive their reports and findings. This is as an important source of independent assurance on the organisation's activities, including the risk management process mentioned above. The Committee is also responsible for procuring and monitoring the effectiveness of these audit services.

Year-End

Whilst the work of the Audit Committee is ongoing the work culminates annually with the year-end process. The Committee takes on a number of key responsibilities on behalf of the CCG Governing Body:

- Receipt of the Head of Internal Audit Opinion and Internal Audit Annual Report.
- Receipt of External Audit's Annual Governance Report.
- Review of the draft and final accounts, including the annual and quality reports and the CCG's Annual Governance Statement, prior to recommending the approval of these by the CCG Governing Body.

The annual accounts and reports are key documents which must meet both statutory reporting requirements and evidence the Trust's performance to patients and the public.

Year-end responsibilities mean that the Audit Committee's work requires careful timetabling over the financial reporting period in order to meet statutory deadlines.

The Audit Committee must evaluate its own effectiveness as a Committee and assure itself and the Governing Body that it has met its responsibilities as per its Terms of Reference and work programme. The outcome of this evaluation is documented in the Audit Committee Annual Report.