

Governing Body Meeting Date: 5 June 2014

Harrogate and Rural District
Clinical Commissioning Group
Report Sponsor
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Report Author
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1. Title of Paper: Audit Committee Terms of Reference Review

2. CCG Corporate Objectives supported by this paper

	CCG Corporate Objective	Tick
1	Engage and enable local people to be involved in decisions made about the healthcare we commission	
2	Commission services to ensure and improve quality and safety of services and improve outcomes	X
3	Achieve a sustainable Health Economy	X
4	Deliver transformational service change	X
5	Develop strong and mature partnerships	X
6	Develop a strong, sustainable and successful CCG	X

3. CCG Values Underpinned in this paper

	CCG Values	Tick
1	Respect and Dignity	
2	Commitment to Quality of Care	X
3	Compassion	
4	Improving Lives	
5	Working Together for Patients	X
6	Everyone Counts	

4. Executive Summary

Over the course of the last year there have been occasions when it has been necessary to rearrange audit committee meetings to ensure that the meetings will be quorate. The Audit Committee has therefore reviewed its terms of reference and recommends that the Governing Body approves the following changes.

The terms of reference for the Audit Committee state that:

'The Committee shall be appointed by the Clinical Commissioning Group as set out in the Clinical Commissioning Group's Constitution and may include individuals who are not on the governing body. Audit Committee comprises not less than 3 members including the following:

- 2 Lay Members
- 1 GP Member of the governing Body
- 1 Other Clinical Member'

<p>The quorum for the committee is 2 members.</p> <p>It is proposed that the membership be revised to:</p> <ul style="list-style-type: none"> • 2 Lay Members • 1 GP Member of the Governing Body • 1 Independent Member
<p>5. Any statutory / regulatory / legal / NHS Constitution implications None.</p>
<p>6. Equality Impact Assessment N/A</p>
<p>7. Implications/Actions for Public and Patient Engagement N/A</p>
<p>8. Recommendations / Action Required The Governing Body is asked to: approve the changes as noted.</p>
<p>9. Assurance The Audit Committee Terms of Reference will be reviewed annually.</p>

For further information please contact:
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NHS Harrogate and Rural District Clinical Commissioning Group

Audit Committee

Terms of Reference

1. Introduction

The Audit Committee (the Committee) is established in accordance with Harrogate and Rural District Clinical Commissioning Group's constitution. These terms of reference set out the membership, remit, responsibilities and reporting arrangements of the Committee.

2. Accountability and reporting

The committee is accountable to the governing Body of the Harrogate and Rural District Clinical Commissioning Group.

The minutes of the committee will be formally recorded and presented to the governing body at the earliest practicable meeting.

The Committee shall make whatever recommendations to the Governing Body it deems appropriate on any area within its remit where action or improvement is needed.

3. Membership

The Committee shall be appointed by the Clinical Commissioning Group as set out in the Clinical Commissioning Group's constitution and may include individuals who are not on the governing body. Audit Committee comprises not less than 3 members including the following:

- 2 Lay Members
- 1 GP Member of the Governing Body
- 1 Independent Member

All of the above members shall have a vote.

The Vice Chair (governance lay member) of the Clinical Commissioning Group will chair the audit committee. If this member is not available then another member of the committee shall chair the meeting.

4. External Auditors

The External Auditors for the Group will be appointed on behalf of the Clinical Commissioning Group by the Audit Commission.

5. Attendance

The Committee may also extend invitations to other personnel with relevant skills, experience or expertise as necessary to deal with the business on the agenda. Such personnel will be in attendance and will have no voting rights. This will normally include:

- Chief Finance Officer
- Internal Auditors
- External Auditors

On a less frequent basis the following good practice shall be followed:

- At least once a year the committee should meet privately with the external and internal auditors.
- Representatives from NHS Protect may be invited to attend meetings and will normally attend at least one meeting each year.
- The Accountable Officer should normally be invited to attend and discuss, at least annually with the committee, the process for assurance that supports the statement of internal control, and when the committee considers the draft internal audit plan and the annual accounts.
- Any other members or employees may be invited to attend, particularly when the committee is discussing areas of risk or operation that are the responsibility of that member or employee.

6. Support to the committee

The Committee will be supported by the Chief Finance Officer who 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.

7. Quorum

A quorum shall be 2 members.

8. Frequency of meetings

Meetings shall be held not less than four times a year.

The external auditor or head of internal audit may request a meeting, to be agreed by the chair, if they consider one to be necessary.

9. Remit and responsibilities of the Committee

9.1 Authority

The 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 from any member or employee who is directed to co-operate with any request made by the Committee, and to seek external legal or other independent professional advice as it considers necessary.

9.2 Duties

The responsibility of the Committee covers all activities within the remit of the Governing Body and its overall objectives are to ensure that:

- The activities of the Harrogate and Rural District Clinical Commissioning Group are within the law and regulations governing the NHS
- An effective system of internal control is maintained
- An effective system of integrated governance exists within the Clinical Commissioning Group

9.3 Internal Control and Risk Management

The Committee shall review the establishment and maintenance of an effective system of integrated governance, internal control, and risk management that supports the achievement of the organisation's objectives. In particular, the Committee will review the adequacy of:

- All risk and control related disclosure statements, together with any accompanying Head of Internal Audit statement, prior to endorsement by the Audit Committee.
- All of the CCG's processes of corporate governance to enable the organisation to implement best practice as set out in appropriate guidance.
- The systems in place for identifying and managing key risks facing the organisation; including the Risk Assurance Framework.

- The policies for ensuring that there is compliance with relevant regulatory, legal and code of conduct requirements and other relevant guidance; and
- The operational effectiveness of policies and procedures.
- Internal audit of effectiveness of organisational policies
- Internal Controls ensuring that there is an effective system of integrated Governance across the whole of the organisation that supports the achievements of the organisation's objectives.

9.4 Internal Audit

- Ensure there is an effective internal audit function that meets mandatory NHS Internal Audit standards and provides independent assurance to the committee
- Review and approve the internal audit programme consider the major findings of, and management response to, internal audit investigations and ensure co-ordination between Internal and External Auditors.
- Ensure that the Internal Audit function is adequately resourced, reflects a risk-based approach to audit, and has appropriate standing within the organisation.

9.5 External Audit

- Review external audit reports, including value for money reports and annual audit letters, together with the management response.
- Receive regular reports from the external auditors on local evaluation of audit risk.

9.6 Local Counter Fraud Service

- Review the adequacy and effectiveness of the policies and procedures for all work related to fraud and corruption, including approval of the annual counter fraud programme and outcomes of counter fraud work.

9.7 Financial Reporting

- Review the annual financial statements on behalf of the Governing Body focusing particularly on:

- Changes in, and compliance with, accounting policies and practices
- Major judgmental areas; and
- Significant adjustments resulting from the audit.

9.8 Assurance

The committee shall review the findings of other significant assurance functions, both internal and external and consider implications for the governance of the Clinical Commissioning Group

10. Induction Arrangements

The Committee recognise the need to support members in understanding the role of the Audit Committee and their role on the Committee. The Internal Auditors will provide regular induction and refresher training as required. All members are expected to be aware of the NHS Audit Committee Handbook which will be provided to all new members of the Committee.

11. Review of terms of reference

The committee shall review its terms of reference at least annually.

12. Committee effectiveness

The committee shall undertake an annual review of its effectiveness.

Approved by: NHS Harrogate and Rural District CCG Governing Body

Issued date: TBC

Review date: TBC