

# NHS Harrogate and Rural District Clinical Commissioning Group

## Audit Committee Terms of Reference

### 1.0 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.

### 2.0 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.

### 3.0 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 three members including the following:

- Two lay members
- One GP member of the Governing Body
- One 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.

### 4.0 External Auditors

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

## **5.0 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 / Head of Finance
- Internal auditors
- External auditors
- Information Governance Manager
- Corporate Governance Manager

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

- At least once a year the Committee should meet privately with external and internal auditors.
- The Accountable Officer should normally be invited to attend and discuss, at least annually with the Committee, the process for assurance that supports the Annual Governance Statement, 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.

## **6.0 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.

## **7.0 Quorum**

A quorum shall be two Members with at least one Member being a Lay Member.

## **8.0 Conflict of Interest**

If any Member has an interest, pecuniary or otherwise, in any matter and is present at the meeting at which the matter is under discussion, he/she will declare that interest as early as possible and shall not participate in the discussions. The Chair will have the power to request that member to withdraw until the Committee's consideration has been completed.

If the Chair is absent temporarily on the grounds of a declared conflict of interest the other Lay Member, if present, shall preside.

## **9.0 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.

## **10.0 Remit and Responsibility of the Committee**

### **10.1 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.

### **10.2 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; and
- An effective system of integrated governance exists within the Clinical Commissioning Group.

### **10.3 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 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 there is an effective system of integrated governance across the whole of the organisation that supports the achievements of the organisation's objectives.

#### **10.4 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 the Internal Audit function is adequately resourced, reflects a risk-based approach to audit, and has appropriate standing within the organisation.

#### **10.5 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.

#### **10.6 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.

#### **10.7 Financial Reporting**

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

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

#### **10.8 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.

#### **10.9 Information Governance**

The Committee will implement key standards in relation to Information Governance (including the Information Governance toolkit, data exchange agreements, etc.) and ensure effective governance systems are in place for implementing and monitoring these standards.

#### **11.0 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.

## **12.0 Responsibility for Audit Contracts**

As of 01 April 2015, Public Sector Audit Appointments Limited (PSAA) is responsible for overseeing audit contracts and for setting fees under them. PSAA is an independent private company established by the Local Government Association to manage the audit contracts until they expire.

## **13.0 Terms of Reference**

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

## **14.0 Committee Effectiveness**

The Committee shall undertake an annual review of its effectiveness.

**Approved by: NHS Harrogate and Rural District CCG Governing Body**

**Issued date: November 2017**

**Review date: November 2018**