

SOUTH WEST LINCOLNSHIRE CLINICAL COMMISSIONING GROUP

GOVERNING BODY AUDIT COMMITTEE

TERMS OF REFERENCE

1. CONSTITUTION

The Audit Committee is established in accordance with NHS South West Lincolnshire Clinical Commissioning Group's (SWLCCG) Constitution and Standing Orders. 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.

2. OVERALL PURPOSE

The purpose of the Committee is to provide assurance to the Governing Body and Members' Council on the design, implementation and effectiveness of internal controls and to provide scrutiny over the discharge of the CCG's statutory functions, including the delivery of financial duties.

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 employee and all employees are directed to co-operate with any request made by the Committee. The Committee is authorised by the Governing Body to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

3. KEY DUTIES AND FUNCTIONS

The key duties of the Committee are as set out below. In discharging these duties the Committee will be guided by the priorities identified by the Clinical Commissioning Group and associated risks. It will operate to a programme of business, agreed by the Governing Body, which will be flexible to new and emerging priorities and tasks.

Integrated 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 that support the achievement of the CCG's objectives.

The Committee will review any risks for which the Committee is responsible to ensure that effective plans are in place to reduce the risk score and that associated actions are completed on time.

Its work will dovetail with that of the CCG Quality and Patient Experience Committee, which the CCG has established to seek assurance that robust clinical quality is in place.

In particular, the Committee will review the adequacy and effectiveness of:

- All risk and control related disclosure statements (in particular the Annual Governance Statement), together with any appropriate independent assurances, prior to endorsement by the Clinical Commissioning Group.
- The underlying assurance processes that indicate the degree of achievement of CCG objectives, the effectiveness of the management of principal risks and the appropriateness of the above disclosure statements.
- The policies for ensuring compliance with relevant regulatory, legal and code of conduct requirements and related reporting and self-certification.
- Processes and procedures for the management and resolution of conflicts of interest.
- The policies and procedures for all work related to fraud and corruption as set out in Secretary of State Directions and as required by the NHS Counter Fraud and Security Management Service.

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 sources. It will also seek reports and assurances from senior officers and managers as appropriate, concentrating on the over-arching systems of integrated governance, risk management and internal control, together with indicators of their effectiveness.

The Committee will receive regular updates from the CCG's Risk Management Committee, which has delegated responsibility for the detailed review and management of the risk process.

This will be evidenced through the Committee's use of an effective assurance framework to guide its work and that of the audit and assurance functions that report to it.

Internal audit

The Committee shall ensure that there is an effective internal audit function that meets mandatory NHS Internal Audit Standards and provides appropriate independent assurance to the Audit Committee, Accountable Officer and Clinical Commissioning Group. This will be achieved by:

- Consideration of the provision of the internal audit service, the cost of the audit and any questions of resignation and dismissal.
- 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.
- 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.
- Ensuring that the internal audit function is adequately resourced and has appropriate standing within the CCG.
- An annual review of the effectiveness of internal audit.

External audit

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:

- Consideration of the performance of the external auditors, as far as the rules governing the appointment permit.
- 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 coordination, as appropriate, with other external auditors in the local health economy.
- Discussion with the external auditors of their local evaluation of audit risks and assessment of the CCG and associated impact on the audit fee.
- Review of all external audit reports, including the report to those charged with governance, agreement of the annual audit letter before submission to the CCG and any work undertaken outside the annual audit plan, together with the appropriateness of management responses.

Other assurance functions

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

These will include, but will not be limited to, any reviews by Department of Health arm's length bodies or regulators/inspectors (for example, the Care Quality Commission and NHS Litigation Authority), NHS England and professional bodies with responsibility for the performance of staff or functions (for example, Royal Colleges and accreditation bodies).

Counter fraud

The committee shall satisfy itself that the CCG has adequate arrangements in place for countering fraud and shall review the outcomes of counter fraud work. It shall also approve the counter fraud work programme.

Management

The Committee shall request and review reports and positive assurances from senior officers and managers on the overall arrangements for governance, risk management and internal control.

The committee may also request specific reports from individual functions within the Clinical Commissioning Group as they may be appropriate to the overall arrangements.

Financial reporting

The Audit Committee shall monitor the integrity of the financial statements of the CCG and any formal announcements relating to the Clinical Commissioning Group's financial performance.

The Committee shall ensure that the systems for financial reporting to the CCG, including those of budgetary control, are subject to review as to completeness and accuracy of the information provided to the Clinical Commissioning Group. The Committee shall review and approve the CCG Prime Financial Policies on an annual basis.

The Audit 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 preparing of the financial statements;
- Significant adjustments resulting from the audit;
- Letter of representation; and
- Qualitative aspects of financial reporting.

4. MEMBERSHIP

The Committee shall be appointed by the Clinical Commissioning Group as set out in the CCGs Constitution and Standing Orders and may include individuals who are not on the Governing Body.

The Committee will comprise four members, being the three lay members of the Governing Body (to include the Secondary Care Doctor) and a further co-opted, independent member of the committee.

The Chair of the Governing Body shall not be a member of the Committee.

5. COMMITTEE CHAIRMAN

The Lay Member on the Governing Body, with a lead role in overseeing key elements of governance, will Chair the Audit Committee.

In the event of the Chair of the Audit Committee being unable to attend all or part of the meeting, he/she will nominate a replacement from within the Committee membership to deputise for that meeting.

6. ATTENDANCE

The Chief Finance Officer and appropriate internal and external audit representatives shall normally attend meetings. However, at least once a year the Committee should meet privately with the internal and external auditors.

The Accountable Officer should be invited to attend, at least annually, to discuss with the Audit Committee the process for assurance that supports the Annual Governance Statement. He/she would also be invited to attend when the Audit Committee considers the draft Internal Audit Plan and the Annual Accounts.

Any other senior officers, clinical representatives or similar should be invited to attend if necessary, but particularly when the Committee is discussing areas of risk or operation that are the responsibility of that officer.

The Chair of the Governing Body may also be invited to attend one meeting each year in order to form a view on, and understanding of, the Committee's operations.

The Local Counter Fraud Specialist should be invited to attend meetings and will normally attend at least one meeting each year.

The CCG Corporate Secretary will attend to provide appropriate support to the Audit Committee Chair and members and to take minutes of the meetings.

7. REPORTING ARRANGEMENTS

The Committee will report to the Governing Body annually on its work in support of the Annual Governance Statement.

The minutes of the Audit Committee meetings will routinely be presented to the Governing Body at the next meeting following the meeting of the Audit Committee.

8. FREQUENCY

Meetings shall be held not less than three times a year. The External Auditor or Head of Internal Audit may request a meeting if they consider that one is necessary.

9. MINUTES AND AGENDAS

The minutes of Audit Committee meetings shall be formally recorded and submitted to the Governing Body at the next meeting of the Governing Body following the date of the Audit Committee meeting. The Chair of the Committee shall draw to the attention of the Governing Body any issues that require action.

The agenda and supporting papers will be circulated at least five days prior to the meeting. Agenda items will be agreed by the Committee Chair and the Chief Finance Officer.

10. DECLARATION OF INTERESTS

Requirements for declaring interests and their applicability to Committee members are outlined in the CCGs Constitution and Standing Orders.

11. QUORUM

A quorum shall comprise two members.

12. REVIEW

The Terms of Reference will be normally reviewed on an annual basis. At least annually, the Committee shall review its own performance, constitution and terms of reference and ensure it is operating at maximum effectiveness. Any suggested changes to its terms of reference will be submitted to the CCG Governing Body for approval.

Updated March 2017

Signed
(Deputy Chair of the Audit Committee)

Date