

Governing Body meeting (held in public)

DATE: 26 May 2016

Title	Audit Procurement Update
This paper is for Decision	
Recommended action for the Governing Body	That the Governing Body: <ol style="list-style-type: none"> 1. APPROVE the terms of reference of the Audit Panel. 2. APPROVE the procurement of Internal Audit, Local Counter Fraud Services and Local Security Management Services.
Potential areas for Conflicts of interest	Not applicable.
Executive summary	<p>The Governing Body is requested to approve 2 separate items relating to Audit as follows;</p> <p>Item 1 Further to the approval to delegate responsibility for the audit panel to the AIAC, the Governing Body is now requested to approve the Terms of Reference for the Audit Panel. These were taken to the AIAC meeting on the 17th March and were approved. The Terms of Reference are attached at Appendix 1. Once these have been approved by the Governing Body, then the Audit Panel will be able to meet to start the various audit procurements required in preparation for April 2017.</p> <p>Item 2 The current contracts for Internal Audit, Local Counter Fraud Services and Local Security Management Services all expire on 31/03/2017. The Governing Body is asked to approve the re-procurement of these services as there is no provision in the existing contracts for any extensions. The CCG intend to work in collaboration with the other 5 SE London CCGs to undertake these procurements. It is yet to be agreed whether these will be issued as 3 separate lots, so that providers can bid for any number of the services should they be able to provide them, or combined. This process is being led by Lambeth CCG and SE London CSU procurement team. In the same way that the external audit procurement is to be managed via the</p>

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	audit panel, it is envisaged that this will also apply to these procurements, including if required for a panel member to be part of the evaluation panel. The procurement will use one specification. Each CCG would be allowed to choose their own provider based on their own evaluation of the bids, however there needs to be a recognition that this may be difficult using one specification.	
How does this paper support the CCGs objectives?	Patients:	Not applicable.
	People:	Not applicable.
	Pounds:	Ensuring that the CCG gets value for money from the procurement exercise.
	Process:	Ensuring that there is adequate governance around the setting up and work programme of the Audit Panel.
What are the Organisational implications	Key risks	Key risks are the potential cost pressure if the costs of the services required increases and if no providers wish to bid for the services.
	Equality	Not applicable.
	Financial	If the cost of these services increases as a result of the procurement then the CCG may have an additional cost pressure which is also applied to running costs.
	Data	Not applicable.
	Legal issues	Not applicable.
	NHS constitution	Not applicable.
Engagement	The CCG will be working in collaboration with the other 5 SE London CCGs on the procurement plans.	
Audit trail	Audit Panel ToR already discussed at AIAC. Progress on procurement of all audit services will be reported to audit panel.	
Comms plan	Not applicable.	
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Date	9 May 2016	

Terms of Reference – Auditor Panel

Constitution

The NHS Bexley CCG governing body hereby resolves to nominate its Audit and Integrated Assurance Committee to act as its auditor panel in line with schedule 4, paragraph 1 of the 2014 Act². The auditor panel is a non-executive committee of the governing body and has no executive powers, other than those specifically delegated in these terms of reference.

Membership

The auditor panel shall comprise the entire membership of the audit committee with no additional appointees. This means that all members of the auditor panel are independent, non-executives.

This satisfies the requirement that an auditor panel must have at least three members with a majority who are independent and non-executive members of the governing body. In line with the requirements of the *Local Audit (Health Service Bodies Auditor Panel and Independence) Regulations 2015* (regulation 6) each member's independence must be reviewed against the criteria laid down in the regulations⁵.

Chair

The audit committee chair will be appointed by the governing body to chair the auditor panel.

Removal/Resignation

The auditor panel chair and/or members of the panel can be removed in line with rules agreed by the governing body.

Quorum

To be quorate, independent members of the auditor panel must be in the majority AND there must be at least two independent members present or 50% of the auditor panel's total membership, whichever is the highest.

Attendance at Meetings

The auditor panel's chair may invite executive directors and others to attend depending on the requirements of each meeting's agenda. These invitees are not members of the auditor panel.

Frequency of Meetings

The auditor panel shall consider the frequency and timing of meetings needed to allow it to discharge its responsibilities but as a general rule will meet on the same day as the audit committee.

Auditor panel business shall be identified clearly and separately on the agenda and audit committee members shall deal with these matters as auditor panel members NOT as audit committee members.

The auditor panel's chair shall formally state at the start of each meeting that the auditor panel is meeting in that capacity and NOT as the audit committee.

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Conflicts of Interest

Conflicts of interests must be declared and recorded at the start of each meeting of the auditor panel.

A register of auditor panel members' interests must be maintained by the panel's chair and submitted to the governing body in accordance with the NHS Bexley CCG's existing conflicts of interest policy.

If a conflict of interest arises, the chair may require the affected auditor panel member to withdraw at the relevant discussion or voting point.

Authority

The auditor panel is authorised by the governing body to carry out the functions specified below and can seek any information it requires from any employees/ relevant third parties. All employees are directed to cooperate with any request made by the auditor panel.

The auditor panel is authorised by the governing body to obtain outside legal or other independent professional advice (for example, from procurement specialists) and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. Any such 'outside advice' must be obtained in line with the organisation's existing rules.

Functions

The auditor panel's functions are to:

- Advise the CCG's governing body on the selection and appointment of the external auditor. This includes:
 - agreeing and overseeing a robust process for selecting the external auditors in line with the organisation's normal procurement rules
 - making a recommendation to the governing body as to who should be appointed
 - ensuring that any conflicts of interest are dealt with effectively
- Advise the CCG's governing body on the maintenance of an independent relationship with the appointed external auditor
- Advise (if asked) the CCG's governing body on whether or not any proposal from the external auditor to enter into a liability limitation agreement as part of the procurement process is fair and reasonable
- Advise on (and approve) the contents of the CCG's policy on the purchase of non-audit services from the appointed external auditor
- Advise the CCG's governing body on any decision about the removal or resignation of the external auditor.

Reporting

The chair of the auditor panel must report to the governing body on how the auditor panel discharges its responsibilities¹.

The minutes of the panel's meetings must be formally recorded and submitted to the governing body by the panel's chair. The chair of the auditor panel must draw to the attention of the governing body any issues that require disclosure to the full governing body, or require executive action.

Remuneration

NHS Bexley CCG will not be making any additional payments for this role, it is seen as an extension to the role of the membership of the Audit and Integrated Assurance Committee.

Administrative Support

The CCG's governance lead shall be responsible for organising effective administrative support to the auditor panel. The duties of the person appointed to fulfil this role shall include:

- Agreement of agendas with the chair
- Preparation, collation and circulation of papers in good time
- Ensuring that those invited to each meeting attend
- Taking the minutes and helping the chair to prepare reports to the governing body
- Keeping a record of matters arising and issues to be carried forward
- Arranging meetings for the chair
- Maintaining records of members' appointments and renewal dates etc
- Advising the auditor panel on pertinent issues/areas of interest/policy developments
- Ensuring that panel members receive the development and training they need
- Providing appropriate support to the chair and panel members.

¹ If the auditor panel is a sub-set of the audit committee, this report should be separate from the report/minutes of the audit committee so that it is clear that the auditor panel is fulfilling a distinctive role.