

Governing Body meeting (held in public)

DATE: 29 September 2016

Title	Audit and Integrated Assurance Committee terms of reference and the Auditor Panel terms of reference	
This paper is for Decision		
Recommended action for the Governing Body	That the Governing Body: Approve the revised terms of reference for the Audit and Integrated Assurance Committee and the Auditor Panel.	
Potential areas for Conflicts of interest		
Executive summary	<p>As part of the annual review process, the AIAC's terms of reference is presented to the governing body for approval. The governing body should not the following:</p> <ul style="list-style-type: none"> • The membership of the committee has been revised • An Auditor Panel has been created as a sub-committee of the AIAC • The AIAC's terms of reference has been separated from the newly Auditor Panel's terms of reference <p>The membership of the AIAC is made up of three independent members and two other members (independent members in the majority).</p> <p>The Auditor Panel has three independent members who are in the majority in line with Local Audit regulations 2015 (Regulation 6).</p>	
How does this paper support the CCGs objectives?*	Patients:	Improve the health and wellbeing of people in Bexley in partnership with our key stakeholders
	People:	Empower our staff to make NHS Bexley CCG the most successful CCG in (south) London
	Pounds:	Delivering on all of our statutory duties and become an effective, efficient and economical organisation
	Process:	Commission safe, sustainable and equitable services in line with the operating framework and which improves outcomes and patient experience

Clinical Commissioning Group

What are the Organisational implications	Key risks	Failure to have in place a terms of reference for the AIAC and the Auditor Panel.
	Equality	None identified in this report
	Financial	Failure to have in place a terms of reference for the AIAC and the Auditor Panel may have financial implications for the CCG
	Data	None identified in this report
	Legal issues	Failure to have in place terms of reference for the AIAC and the Auditor Panel may have legal implications for the CCG
	NHS constitution	Failure to have in place terms of reference for the AIAC and the Auditor Panel may lead to a breach of the NHS constitution
Engagement	Not applicable	
Audit trail	The terms of references have been submitted and approved by the AIAC.	
Comms plan	The terms of reference will be rolled out and published on the CCG's website	
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Date	15 September 2016	

NHS Bexley Clinical Commissioning Group

Audit and Integrated Assurance Committee

Terms of Reference

Approved:

Constitution

The Governing Body of NHS Bexley CCG has resolved to establish a committee of the Governing Body to be known as the Audit and Integrated Assurance Committee (the Committee). The Committee is a Non-Executive Committee of the Governing Body and has no executive powers, other than those specifically delegated in these terms of reference. These terms of reference can only be amended by the Governing Body.

Purpose

The overall purpose of the Committee is to provide assurance to the Governing Body on:

- The approval of the CCG's operational scheme of delegation that underpins the CCG's 'overarching scheme of reservation and delegation' as set out in its constitution.
- The effectiveness of the CCG's governance, corporate and clinical risk management, performance management, information governance and internal control systems;
- Act as an integrated audit committee, taking an overview of finance, quality, risk, safeguarding, patient feedback and internal control, to fully integrate and support the CCG's governance requirements;
- The integrity of the financial statements and accounts of the CCG and on the CCG's Annual Report;
- The work of internal and external audit and any actions arising from their work; and

- To ensure the CCG is compliant with its legal and regulatory requirements.

The Audit and Integrated Assurance Committee will review the findings of other assurance functions such as external regulators and scrutiny bodies and other committees and sub-committees of the Governing Body.

Duties

Governance, risk management, and Internal control

The Committee shall review the establishment and maintenance of an effective system of governance, risk management and internal control, across the whole of the organisation's activities (both clinical and non-clinical) that supports the achievement of the organisation's objectives.

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

- The assurance framework, risk management arrangements ; Statement of Internal Control together with an accompanying Head of Internal Audit Statement, external audit opinion or other appropriate independent assurances, prior to discussion by the Governing Body where possible;
- The clinical governance system of the CCG, including early warning of failures in quality and safety;
- The information governance system, including requirements under the NHS Information Governance Toolkit;
- The research governance system relating to any research activity the CCG may be engaged with;
- The CCG's system for managing conflict of interest including an annual report which will include the Committee Chair's own designated role in the conflict of interest process;
- To put in place effective safeguards to ensure the AIAC's independence is not compromised. This includes maintaining independence of the Chair and arrangements for chairing relevant committees.
- The CCG's Equality Delivery System (EDS);
- The underlying assurance processes that indicate the degree of the achievement of corporate objectives, the effectiveness of the management of principal risks and the appropriateness of the above disclosure statement;
- The policies for ensuring compliance with relevant regulatory, legal and code of conduct requirements and related reporting and self-certification;

- 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;
- The policies and procedures related to whistleblowing and arrangements for special investigations;
- The committee shall report issues in relation to audit, risk, quality and safety or internal control to the Governing Body on an exception basis
- The Committee shall prepare an annual report to the Governing Body providing assurance as to the effectiveness of the system of risk management and the assurance framework. The committee shall take a view about the sufficiency of audit activity in terms of those providers with which the CCG commissions, and in particular the internal audit and clinical audit of the main organisations from which the CCG commissions' patients facing services;
- 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 audit functions. It will also seek reports and assurances from officers as appropriate, concentrating on the overarching systems of governance, risk management and internal control, together with indicators of their effectiveness. 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 established by management that meets mandatory Public Sector Internal Audit Standards and provides appropriate independent assurance to the Committee, Accountable Officer and the Governing Body. 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 it is consistent with the audit needs of the organisation as identified in the Assurance Framework.
- Review of the major findings of Internal Audit work, management's response and ensure 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 organisation.

- Monitoring implementation of audit recommendations.
- 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:

- Acting as the Auditor Panel on behalf of the Governing Body and to advise it in accordance with the Panel's terms of reference.
- Consideration of the appointment and performance of the External Auditor as far as the rules governing the appointment permit.
- Discussion and agreement with the External Auditor, before the audit commences on the nature and scope of the audit as set out in the Annual Plan, and ensuring co-ordination, as appropriate with other external auditors in the local health economy.
- Discussion with the External Auditors of the local evaluation of audit risks and assessment of the CCG and associated impact on the audit fee.
- Review of all external audit reports and appropriateness of management responses and agreement of the annual audit letter before it is submitted to the Governing Body.
- Agreement of additional work required outside the annual audit plan and monitoring of implementation of audit recommendations.

Other assurance functions

The committee shall review the findings of other significant assurance functions, both internal and external to the organisation and consider the implications for the governance of the organisation.

The committee will need to include in their considerations reviews of provider functions that may be relevant to the CCG's role of commissioning safe, effective, quality and cost-effective healthcare services. As such these will need to include but will not be limited to reviews by:

- Department of Health
- NHS England
- NHS Improvement
- Care Quality Commission
- NHS Litigation Authority
- Other regulators and inspectors

- Professional bodies with responsibility for performance of staff or functions including Royal Colleges and accreditation bodies

In addition, the committee will review the work of any other committees or task and finish groups established by the Governing Body within the organisation whose work can provide relevant assurance to the Audit and Integrated Assurance Committee's own scope of work.

Tendering and Contracting

The committee will review and approve all changes to the provision or delivery of assurance services to the CCG including internal audit and counter fraud.

Hosted arrangements

The committee will review and provide assurance to the Governing Body on all arrangements regarding services hosted by the CCG and those hosted jointly by the CCG and third parties.

Partnership and other inter-organisational arrangements

The committee will review and provide assurance to the Governing Body in respect of any formal partnership arrangements or other inter-organisational agreements where the CCG is a party.

Counter Fraud

The committee should satisfy itself that the organisation has adequate arrangements in place for countering fraud and shall review and approve the CCG's counter fraud and security arrangements. .

Management

The committee shall request and review reports and positive assurances from directors and managers on the overall arrangements for governance, risk and internal control.

The committee may also request specific reports from individual functions within the organisation (for example clinical audit) as they may be relevant to the overall arrangements.

Financial reporting

The Committee shall monitor the integrity of the financial systems of the CCG and systems of financial control.

The 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 and practices.
- Unadjusted mis-statements in the financial statements.
- Significant judgments in preparation of the financial statements.
- Significant adjustments resulting from the audit.

The committee should ensure that the systems for financial reporting to the Governing Body including those concerning budgetary control are reviewed regularly to ensure completeness and accuracy of the information.

- The Committee shall review and propose changes to the Standing Orders and Prime Financial Policies as requested by the Governing Body

Authority/Delegation

The Committee is authorised by the Governing Body to investigate any activity within its terms of reference and in line with the Committee’s prime purpose of providing assurance to the Governing Body.

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.

Membership and attendance (*Current Post-holders*)

Independent Members	Other Members
GB Lay Member for Audit and Governance - Chair	GB Clocktower Locality Lead
GB Secondary Care Specialist Doctor	GB North Bexley Locality Representative.
GB Registered Nurse	

At least once a year the committee should meet privately with the internal and external auditors only if possible. The Committee Chair may also ask the auditors if they would like a private conversation as an alternative. The Committee should agree and work to an annual programme that takes into account the need to contribute to the timely sign-off of statutory requirements such as the annual accounts.

The Accountable Officer and other directors shall be invited to attend particularly when the Committee is discussing areas of risk or operation that are the responsibility of that director.

The Accountable Officer shall be invited to attend, at least annually, to discuss with the Committee the process of assurance that supports the Statement of Internal Control.

Quorum & Conflicts of Interest

The quorum required for any business to be transacted at a meeting is at least 50% of the members of the committee rounded up to the next whole number present at the meeting.

The committee chair is responsible for managing conflicts of interest that arise in a meeting, with advice from the executive member of the committee.

Where members are required to withdraw from a meeting due to a conflict of interest or any other reason that does not affect the meeting quoracy then a decision or vote can proceed as normal.

Where more than 50% of the members of a meeting are required to withdraw from a meeting or part of it, or are absent for any other reason the chair may:

- Defer the matter to another meeting of the committee, which may be quorate
- Refer the matter to the conflicts of interest panel in line with the conflicts of interest policy
- Use the decision making procedure outlined below provided that quoracy can be obtained for any urgent decisions

Where a conflict is identified the conflict and the action will be recorded in the minutes of the meeting and the register of interests updated accordingly.

In respect of the committee acting as the Auditor Panel, independent members must be in the majority.

Decision Making

Where a vote is required to decide a matter each member may cast a single vote, in the event of a tie the Chair of the meeting may cast a second vote. A decision will be made on a simple majority

It may on occasion be necessary for Audit and Integrated Assurance Committee members to make decisions outside formal meetings. The Committee Chair will decide whether this procedure should be used.

Procedure

The Committee Chair will arrange for the notice of the business to be determined and any supporting paper, to be sent to members by email. The email will ask for a response to be sent to the Committee Chair by a stated date. A decision made in this way will only be valid if the same minimum quorum described in the above paragraph, express by email or signed written communication by the stated date for response that they are in favour.

The Committee Chair as appropriate will retain all correspondence pertaining to such a decision for audit purposes and report decisions so made to the next meeting for ratification.

Frequency

Meetings shall be held not less than four times a year and at such other times as the Chair of the Committee shall require. The external auditor or head of internal audit may request a meeting if they consider that one is necessary.

Reporting

The proceedings of each meeting of the Committee shall be reported to the next meeting of the Governing Body.

The minutes of the Committee meeting should be formally recorded by the Governing Body Secretary and submitted to the Governing Body. The Chair shall draw the attention of the Governing Body to any issues that require disclosure to the full Governing Body or require executive action.

The Committee shall be supported administratively by the Corporate Office Manager whose duties in this respect will include:

- Agreement of agenda with Chairman and attendees and collation of paper.
- Taking the minutes and keeping a record of matters arising and issues to be carried forward.
- Enabling the development and training of Committee members.

Review of Arrangements

The Committee shall undertake a self-assessment of its effectiveness on at least an annual basis. This may be facilitated by independent advisors if the Committee considers this appropriate or necessary.

These Terms of Reference shall be reviewed by the Governing Body on at least an annual basis.

Auditor Panel

Terms of Reference

Approved:

Constitution

The Governing Body of NHS Bexley CCG has resolved 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 and integrated assurance committee with no additional appointees. This means that all members of the auditor panel are independent, non-executives.

Membership and attendance

Independent Members	Other Members
GB Lay Member for Audit and Governance - Chair	GB Locality Lead for Clocktower
GB Secondary Care Specialist Doctor	GB North Bexley Locality Representative.
GB Registered Nurse	

This satisfies the requirement that the 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 regulations.

Chair

The chair of the Audit and Integrated Assurance Committee will 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, there must be 50% of the members present. Independent members of the auditor panel must be in the majority or there must be at least two independent members present at the meeting.

Attendance at meetings

The auditor panel chair may invite executive directors and other managers to attend meetings depending on the requirements of each meeting agenda. Those invited 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 and integrated assurance committee.

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

The auditor panel chair shall formally state at the start of each meeting that the auditor panel is meeting in that capacity and not as the audit and integrated assurance committee.

Conflicts of Interest

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

A register of auditor panel members' interest 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 employee / 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 legal or other independent 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 an external auditor. This includes;
 - Agree and oversee 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 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 responsibilities

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 the attention of the governing body to any issues that required disclosure to the full governing body or require executive action.

Remuneration

NHS Bexley CCG will not make any additional payments for the role. It is an extension to the role of the membership of the audit and integrated assurance committee.

Administration and 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 the agenda 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 meeting 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 the panel members.

Review

The terms of reference will be reviewed annually or earlier should a change in legislation require an earlier review.