

NHS Blackpool Clinical Commissioning Group

Audit Committee

Terms of Reference and Membership

1. Introduction

- 1.1 The Audit Committee (“the Committee”) is established in accordance with Blackpool Clinical Commissioning Group’s (“the CCG”) Constitution. These Terms of Reference set out the membership, remit, responsibilities and reporting arrangements of the Committee and shall have effect as it incorporated into the Constitution.

2. Membership

- 2.1 The Committee shall be appointed by the CCG as set out in the CCG’s Constitution and may include individuals who are not on the Governing Body.
- 2.2 The Lay Member on the Governing Body, with a lead role in overseeing key elements of governance, will Chair the Audit Committee.
- 2.3 The Chair of the Governing Body will not be a member of the Committee.
- 2.4 In the event of the Chair of the Committee being unable to attend all or part of the meeting, he/she will nominate a replacement from within the membership to deputise for that meeting.
- 2.5 The membership of the Committee shall include:
- Lay Member – Chair of the Committee
 - All other Lay Members (excluding the Chair of the CCG)
- 2.6 The eligibility, tenure, appointment and reappointment, qualification and disqualification of members of the Committee is detailed within the CCG’s Constitution.

3. Quorum

- 3.1 Quorum shall be two Lay Members (which can include the Committee Chairman in their capacity as a Lay Member).

4. Attendance at Meetings

- 4.1 Officers in attendance at the invitation of the Chair:
- Chief Finance Officer
 - Internal Auditors
 - External Auditors
 - Local Anti-Fraud Specialist
 - and other Officers as and when required

- 4.2 It is recommended that at least once a year, the Committee should meet privately with the Internal and External Auditors.
- 4.3 Regardless of attendance, External Audit, Internal Audit, Local Anti-Fraud Service and Security Management (NHS Protect) providers will have full and unrestricted rights of access to the Committee.
- 4.4 The Accountable Officer would normally be invited to attend and discuss, at least annually with the Committee, the process for assurance that supports the Annual Governance Statement and to discuss the Annual Accounts.
- 4.5 Any other Senior Officers may be invited to attend, particularly when the Committee is discussing areas of risk or operation that are the responsibility of that Senior Officer.
- 4.6 The Chair of the Governing Body may also be invited to attend one meeting per year in order to form a view on, and understanding of, the Committee's functions.
- 4.7 The Secretary to the Governing Body shall be the Secretary to the Committee and shall attend to take minutes of the meeting. The Secretary will be responsible for supporting the Chairman 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.

5. Frequency and Notice of Meetings

- 5.1 Meetings shall be held not less than three times per year (excluding the Annual Accounts meeting). The External or Internal Auditors may request an extra meeting if they consider that one is necessary.

6. Remit and Responsibilities of the Committee

- 6.1 The key duties of the Committee are 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. To support this duty, the Committee will consider each subsequent re-issue of national Audit Committee Handbooks and any future actions required as a result.

- 6.3 The Committee's work will rely on that of other Committees of the CCG Governing Body to seek assurance that robust processes are in place.

- 6.4 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 CCG.
- The underlying assurance processes that indicate the degree of the 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.

- The policies and procedures for all work related to fraud and corruption as set out in the Secretary of State Directions and as required by the NHS Protect.
- All procedures and their operation in relation to conflicts of interest.

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 Senior Officers and Managers as appropriate, concentrating on the overarching systems of integrated 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.

6.5 Internal Audit

The Committee shall ensure that there is an effective internal audit function that meets mandatory Public Sector Internal Audit Standards (PSIAS) and provides appropriate independent assurance to the Committee, Accountable Officer and CCG. 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.
- Consideration of the major findings of internal audit work (and 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 CCG.
- Annual review of the effectiveness of internal audit.

6.6 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 appointment and performance of the External Auditor, as far as the rules governing appointment permit.
- Discussion and agreement with the External Auditor, before the audit commences, of the nature and scope of the audit as set out in the annual plan and ensure co-ordination, 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 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.

6.7 Other Assurance Functions

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

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

To review the circumstances where such Standing Orders are waived.

To review Claims and Litigation schedules prior to their submission to the Governing Body.

6.8 Counter Fraud

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

6.9 Management

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

The Committee may also request specific reports from individual functions within the CCG as they may be appropriate to the overall arrangements.

6.10 Financial Reporting

The Committee shall monitor the integrity of the financial statements of the CCG and any formal announcements relating to the CCG'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 CCG.

The Committee shall review and has delegated authority to approve the CCG's Annual Report and Financial Statements (Accounts). The review will focus 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 the financial statements.
- Significant adjustments resulting from the audit.
- Letter of representation.
- Qualitative aspects of financial reporting.

7. Relationship with the Governing Body

7.1 The minutes of the Committee meetings will be issued to all members of the Committee within 10 working days of the meeting highlighting actions by individual members.

7.2 The Chairman of the Committee shall draw to the attention of the CCG Governing Body any issues that require disclosure or action.

7.3 The Committee will report to the CCG Governing Body through its minutes.

8. Policy and Best Practice

8.1 The Committee will apply best practice in the decision making processes.

8.2 The Committee will have full authority to commission any reports or surveys it deems necessary to help it fulfil its obligations.

9. Agenda

9.1 The agenda will be prepared by the Chairman of the Committee assisted by the Chief Finance Officer.

9.2 The agenda will be effectively structured to reflect the business (purpose) of the CCG.

9.3 Items for inclusion on the agenda should be submitted to the Secretary to the Governing Body two weeks prior to the meeting, unless of an urgent nature where they will be accepted at the discretion of the Chairman with the advice of the Chief Finance Officer.

9.4 The agenda and relevant papers will be circulated five working days prior to the meeting. Papers tabled at the meeting will be at the discretion of the Chair.

10. Secretary

10.1 The Secretary to the Governing Body will provide secretarial support to the Committee and will be responsible for supporting the Chairman 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.

11. Conduct and Review of the Committee

11.1 The Committee shall conduct its business in accordance with national guidance and relevant codes of conduct/good governance practice, eg, Nolan Principles.

11.2 The performance, membership and terms of reference of the Committee shall be reviewed annually by the members. Any resulting changes to the Terms of Reference shall be approved by the CCG Governing Body.