

## **Audit Committee**

### **Terms of Reference**

#### **1. Introduction**

The audit committee (the committee) is established as a sub-committee of the Governing Body of NHS Northumberland Clinical Commissioning Group (CCG) in accordance with constitution, standing orders and scheme of delegation.

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 CCG's constitution and standing orders.

#### **2. Principal Function**

The committee provides the Governing Body with an independent and objective view of the CCG's system control, financial information and compliance with laws, regulations and directions governing the CCG in so far as they relate to finance.

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 organisation's activities (both clinical and non-clinical) that supports the achievement of the organisation's objective.

#### **3. Membership**

The membership of the committee will consist of:

- The Lay Governor (leading on audit and conflict of interest matters)
- One other Lay Member

The committee will be chaired by the Lay Governor (leading on audit and conflict of interest matters).

The Chief Finance Officer will be the lead officer for the committee and will be invited to attend all meetings. The Accountable Officer should attend at least annually when the committee considers the annual accounts.

The External Auditor and Internal Audit will attend the committee as necessary. Regardless of attendance, external audit, internal audit, local counter fraud and NHS Protect providers will have full and unrestricted rights of access to the Audit Committee.

The CCG Lay Chair will not normally attend the Audit Committee.

The Strategic Head of Corporate Affairs may attend the committee.

At least once a year the Audit Committee will hold part of its meeting with the external and internal auditors with only the members present.

Other officers, employees, and practice representatives of the CCG may be invited to attend all or part of meetings of the committee to provide advice or support particular discussion from time to time.

Those invited to attend will not be entitled to vote.

Lay governor audit committee members will serve on the audit committee for a maximum period of three years, when tenure will be reviewed.

#### **4. Secretarial support**

Secretarial support to the committee will be provided from the office of the Strategic Head of Corporate Affairs.

#### **5. Quorum**

The committee meeting will be quorate when attended by at least two committee members, one of whom must be the committee chair.

#### **6. Frequency of meetings**

Meetings of the Audit Committee will normally be held bi-monthly, and not less than 5 times per financial year. There will be no more than 20 weeks between meetings. The External Auditor or Head of Internal Audit may request a meeting if they consider one is necessary.

Members will be expected to attend each meeting.

In exceptional circumstances and where agreed in advance by the committee chair, members of the committee or others invited to attend may participate in meetings by telephone, by the use of video conferencing facilities and/or webcam where such facilities are available. Participation in a meeting in any of these manners shall be deemed to constitute presence in person at the meeting.

## **7. Agendas and papers**

The agenda for meetings of the committee will be set by the committee chair.

The agenda and papers for meetings of the committee will be distributed 5 working days in advance of the meeting. Items for the agenda should be notified to the chair 10 days in advance of each meeting. The setting of agendas for, and minutes of, each meeting should identify where discussion should rightly be recorded as being of a confidential or commercially sensitive nature.

## **8. Remit and responsibilities of the committee**

The committee shall critically review the CCG's financial reporting and internal control arrangements and ensure an appropriate relationship with both internal and external auditors is maintained.

The duties of the committee will be driven by the priorities identified by the CCG, and the associated risks. It should operate to a programme of business, agreed by the CCG, and will be flexible to new and emerging priorities and risks.

The key duties of the audit committee are set out in the audit committee handbook, and will be amended as required to reflect any changes. This covers:

- Integrated governance, risk management and internal control
- Internal audit
- External audit
- Other assurance functions
- Counter fraud
- Management
- Financial reporting
- Conflicts of Interest

### **Auditor Panel**

Regulations have been laid under the Local Audit and Accountability Act 2014 that require CCGs to ensure there is sufficient scrutiny and oversight of the CCG's relationship with its external auditors by having an auditor panel chaired by an independent member, who is not part of the management structure, such as a lay member of the governing body.

In order to meet these requirements the Audit Committee shall also perform the role of the Auditor Panel for the CCG.

The Chair and members of the Audit Committee will also be the Chair and members of the Auditor Panel. The Lay Governor for public and patient involvement will also be a member of the Auditor Panel.

The Auditor Panel shall:

- advise the CCG on the maintenance of an independent relationship with external auditors;
- advise the CCG on the selection and appointment of external auditors;
- if asked advise the CCG on any proposal to enter into a limited liability agreement.

To ensure the activities of the Auditor Panel are distinctive to the other activities of the Audit Committee the Chair of the Auditor Panel shall arrange separate Auditor Panel meetings as required, ensure minutes of meetings are formally recorded and submitted to the Governing Body and provide a separate annual report to the Governing Body of the panel's activities and decisions.

## **9. Reporting arrangements**

The committee reports to the CCG's Governing Body.

The committee will provide a report to the meeting of the Governing Body following each meeting of the committee, unless that meeting is within 10 working days of the committee in which case the committee will provide a report to the following meeting of the Governing Body.

Minutes of the committee will be received formally at the same meeting of the Governing Body as the committee's report.

The Governing Body will hold the committee to account for the delivery of its remit and responsibilities.

The committee will report to the Governing Body annually on its work in support of the Governance Statement, specifically commenting on the fitness for purpose of the Assurance Framework, the completeness and embeddedness of risk management in the organisation and the integration of governance arrangements.

## **10. Policy and best practice**

The committee will apply best practice in its decision making, and in particular it will:

- comply with current disclosure requirements for remuneration;
- ensure that decisions are based on clear and transparent criteria
- comply with the group's policy and procedures for the declaration of interests

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

## **11. Conduct of the committee**

All members of the committee and participants in its meetings will comply with the Standards of Business Conduct for NHS Staff, the NHS Code of Conduct, and the Nolan principles.

The committee will review its performance, membership and these Terms of Reference at least once per financial year. It will make recommendations for any resulting changes to these Terms of Reference to the Governing Body for approval. No changes to these Terms of Reference will be effective unless and until they are agreed by the Governing Body.

**Date agreed July 2017**

**Review date July 2018**