

Audit Committee

The Committee is established in accordance with the clinical commissioning group’s 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 clinical commissioning group’s constitution and standing orders.

Governance note: Each CCG in NW London has each established its own respective audit and remuneration committees, in line with statutory requirements. However, in recognition of the eight CCGs adopting a unified senior management team, the Audit Committees will usually meet in common and some members will represent more than one CCG. Precise arrangements for chairing each meeting in common is within the gift of the Committee Chairs’ discretion to decide, noting any advice on the matter from the executive governance lead.

Each committee retains responsibility for its own functions and remains accountable to its governing body.

Terms of Reference

Title:	Audit Committee
Date approved and approving body:	To be approved by the CCG Governing Body.
Purpose:	On behalf of the Governing Body, the Audit Committee is responsible for providing independent scrutiny of the clinical commissioning group’s (CCG’s) arrangements for risk management, governance and internal control. It tests the veracity and robustness of all of the CCG’s assurance mechanisms, including those for quality and performance, and supports the maintenance of an appropriate relationship between the CCG and its auditors.
Membership:	<p>The membership will be:</p> <ul style="list-style-type: none"> • Lay member lead for Governance; • one other lay member and / or secondary care member; and • one other lay or clinical GB member. <p>Only these members have a vote on any decisions. All other attendees are there in an advisory capacity or at the request of the Members.</p>
Chair:	Lay member for Governance. In the absence of the Committee Chair at a meeting, the role will be fulfilled by one of the other lay or secondary care members referred to under ‘Membership’ above and recorded as such. Such arrangements will usually be agreed with the Committee Chair in advance of the meeting as far as possible.
Advisors / officers (in attendance):	<p>Only members of the committee and CCG Chairs (or their nominated deputies) have the right to attend committee meetings. However, other individuals such as: CCG officers; CCG senior managers; and other officers may be required to attend meetings.</p> <p>Where an officer or advisor is unable to attend, they are expected to send a deputy who is able to act on their behalf. It is expected to have the Chief Finance Officer represented at every meeting to answer the Committee’s</p>

	<p>questions as necessary.</p> <p>Internal auditors, external auditors and the Local Counter Fraud Specialist are expected to attend meetings. Regardless of attendance, External Audit, Internal Audit, Local Counter Fraud Specialist and, where required, NHS Counter Fraud Authority will have open access to the chair and, as appropriate, the Committee.</p>
Secretary:	Provided by the NW London Governance Team
Quorum:	The Chair (or the person filling that role as under 'Chair' above) and at least one representative (lay or clinical) of the CCG.
Frequency of meetings:	<p>Quarterly.</p> <p>At least once a year the committee will meet with the external and internal auditors without any officers present.</p> <p>Members are expected to attend at least 75% of all meetings. Attendance will be reviewed annually by both the Committee and CCG Chairs.</p>
Operation of the committee:	<p>The secretary will prepare an agenda for meetings with the chair. The secretary will collate papers and circulate papers to those required to be at the meeting no less than five days before the meeting. Late papers will not be permitted except in exceptional circumstances and at the discretion of the meeting chair.</p> <p>Minutes will be drafted for approval by the chair within seven days of the meeting. Once approved by the chair, minutes will be circulated to members for information. Minutes will be ratified by the Committee at its next meeting.</p>
Duties	<p>a) Integrated governance, risk management and internal control</p> <p>The committee shall review the establishment and maintenance of an effective system of integrated governance, risk management and internal control, for each of the CCGs and across the whole of each CCG's activities that support the achievement of the CCG's objectives.</p> <p>The Audit Committee's remit does not extend to the assurance of the clinical effectiveness of providers' performance; these assurances will be drawn from other mechanisms the Governing Body has established explicitly to oversee and test them – for example a Quality, Performance and Patient Safety Committee.</p> <p>In particular, the committee will review the adequacy and effectiveness of:</p> <ul style="list-style-type: none"> • all risk and control related disclosure statements (in particular the governance statement), together with any appropriate independent assurances, prior to endorsement by each clinical commissioning group; • the underlying assurance processes that indicate the degree of achievement of each clinical commissioning group 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;

	<ul style="list-style-type: none"> the policies and procedures for all work related to fraud and corruption as set out in Secretary of State Directions and as required by NHS Counter Fraud Authority. <p>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 directors and managers as appropriate, concentrating on the over-arching 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.</p>
<p>Duties: internal and external audit</p>	<p>b) Internal audit</p> <p>The committee shall seek robust assurance that there is an effective internal audit function that meets mandatory Public Sector Internal Audit Standards and provides appropriate independent assurance to the audit committee, accountable officer and each clinical commissioning group. This will be achieved by:</p> <ul style="list-style-type: none"> 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 each of the clinical commissioning groups. an annual review of the effectiveness of internal audit. clear arrangements for ensuring suitable assurance via internal audit over controls operated by others on behalf of the CCGs.
	<p>c) External audit</p> <p>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:</p> <ul style="list-style-type: none"> 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 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 each clinical commissioning group and associated impact on the audit fee.

	<ul style="list-style-type: none"> • review of all external audit reports, including the report to those charged with governance, agreement of the annual audit letter before submission to each clinical commissioning group and any work undertaken outside the annual audit plan, together with the appropriateness of management responses.
	<p>d) Other assurance functions</p> <p>The 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 groups.</p> <p>e) Counter fraud</p> <p>The committee shall satisfy itself that the clinical commissioning groups have 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 and seek robust assurance that there is adequate counter fraud coverage where issues may arise and which impact on the CCGs.</p> <p>f) Management</p> <p>The committee shall request and review reports and positive assurances from members of the CCG Governing Body, directors and managers on the overall arrangements for governance, risk management and internal control.</p> <p>The committee may also request specific reports from individual functions within the clinical commissioning group as they may be appropriate to the overall arrangements.</p>
	<p>g) Financial reporting</p> <p>The committee shall monitor the integrity of the financial statements of the clinical commissioning groups and any formal announcements relating to each clinical commissioning group’s financial performance.</p> <p>The committee shall seek robust assurance that the systems for financial reporting to the clinical commissioning group, including those of budgetary control, are subject to review as to completeness and accuracy of the information provided to each clinical commissioning group.</p> <p>The committee shall review the annual report and financial statements before submission to the governing body and the relevant clinical commissioning group, focusing particularly on:</p> <ul style="list-style-type: none"> • the wording in the 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;

	<ul style="list-style-type: none"> • letter of representation; and • qualitative aspects of financial reporting. <p>h) General</p> <p>In order to help the committee carry out its duties, the committee is able to commission professional or expert advice, reports or surveys it deems necessary.</p>
Accountability:	The committee is accountable to the Governing Body.
Reporting responsibilities:	<p>The committee chair shall report to the governing body on its proceedings after each meeting on all matters within its duties and responsibilities.</p> <p>The committee shall make whatever recommendations to the governing body it deems appropriate on any area within its remit where action or improvement is needed.</p> <p>The committee will report to the governing body at least annually on its work in support of the Annual Governance Statement, specifically commenting on the fitness for purpose of the assurance framework, the risk management arrangements and the governance arrangements.</p>
Conduct of committee:	<p>The Audit Committee shall uphold the vision and values of the CCG and the principles of good governance as set out in the CCG’s Constitutions.</p> <p>Members of the Audit Committee will comply with the Nolan Principles of Public Life and the Standing Financial Instructions/Orders of the CCG.</p> <p>The Audit Committee shall review annually its performance, membership and terms of reference, which will be subject to approval by the CCG’s Governing Body.</p>
Freedom of Information Act 2000	The minutes of this committee are, in the main, disclosable and will be published on the CCG’s website. However, where discussions are considered exempt, the minutes will be redacted accordingly and such redactions will be flagged in the publicly available minutes.