

HEALTHIER PEOPLE,  
BETTER FUTURE



Heywood, Middleton  
and Rochdale  
Clinical Commissioning Group

**Audit Committee**  
**Terms of Reference**

**February 2020**



## VERSION CONTROL

VERSION	ISSUED TO	DATE	COMMENTS
V0.1	Audit Committee	April 2015	
V0.2	Audit Committee	October 2016	Updated via Chairs Actions
V1.0	HMR CCG Governing Body	November 2016	Final Ratification
V1.1	Audit Committee	July 2018	Annual Review
V1.2	Audit Committee	July 2018	Further updates requested
V2.0	Governing Body	20/7/18	RATIFIED
V2.1	Audit Committee	August 2019	Annual Review
V2.2	Governing Body	September 2019	Reviewed and membership updated
V2.3	Audit Committee	October 2019	Shared with members for comments on updated membership. Further update made to membership. Audit Committee approved after amendments.
V2.4	Governing Body	October 2019	Shared for approval via Chair's actions.
V2.5	Governing Body	October 2019	Minor amendments made following member feedback.
V3.0	Governing Body	October 2019	RATIFIED
V3.1	Audit Committee	January 2020	Updates to membership and removal of the reference to the Corporate Governance Committee
V 4.0	Governing Body	February 2020	RATIFIED – via chairs actions

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## 1. Introduction

The Audit Committee (the Committee) is established in accordance with Heywood, Middleton and Rochdale Clinical Commissioning Group's (NHS HMR CCG) 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.

## 2. Purpose of the Committee

Under delegated authority from the Governing Body, the Committee will provide an independent and objective review of the clinical commissioning group's financial reporting and internal control processes and ensure an appropriate relationship with both internal / external auditors and Local Counter Fraud Specialist is maintained.

The duties of the committee will be driven by the priorities identified by the Clinical Commissioning Group, and the associated risks. An annual programme of business will be agreed; however, this will be flexible to new and emerging priorities and risks.

The Committee will conduct its business in accordance with national guidance and the Nolan principles of public life. The committee will review its own performance, membership and terms of reference. Any resulting changes to the terms of reference should be approved by the Governing Body.

## 3. Objectives of the Committee

**The Committee Objectives are:**

### **Integrated governance, risk management and internal control**

- Review the establishment and maintenance of an effective system of integrated governance, risk management and internal control.
- This dovetails with the work of the Quality and Safeguarding Committee/Group in relation to clinical quality and the Finance, Performance and Risk sub group of the Integrated Commissioning Board with regard to the integrity of the system of controls over finance, performance and risk management.

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

- All risk and control related disclosure statements (in particular the governance statement), together with any appropriate independent assurances, prior to endorsement by the Clinical Commissioning Group.
- The underlying assurance processes that indicate the degree of achievement of 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.
- 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.

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 officers 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.

**Internal audit**

Ensure 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 Clinical Commissioning Group. This will be achieved by:

- Consideration of the provision of the internal audit service, the cost of the service and all aspects relating to the selection, appointment, resignation or dismissal of the internal audit service provider
- 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 the Clinical Commissioning Group.
- An annual review of the effectiveness of internal audit.

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## External audit

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 provision of the external audit service, the cost of the service and all aspects relating to the selection, appointment, resignation or dismissal of the external audit service provider
- Consideration of the performance of the external auditors.
- 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 and care economy.
- Discussion with the external auditors of their local evaluation of audit risks and assessment of the Clinical Commissioning Group and associated impact on the audit fee.
- Review of all external audit reports, including the report to those charged with governance, agreement of the annual audit letter and any work undertaken outside the annual audit plan, together with the appropriateness of management responses.

## Other assurance functions

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 Group.

## Counter fraud

The Committee shall satisfy itself that the Clinical Commissioning Group has 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.

Consideration of the provision of the counter fraud service, the cost of the service and all aspects relating to the selection, appointment, resignation or dismissal of the counter fraud service provider

## Management

Request and review reports and positive assurances from directors and managers on the overall arrangements for governance, risk management and internal control.

Review, at least annually, the Declarations of Interest register for the Clinical Commissioning Group members.

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

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## Financial reporting

Monitor the integrity of the financial statements of the Clinical Commissioning Group and any formal announcements relating to the Clinical Commissioning Group's financial performance.

Ensure 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.

Review and approve the annual report and financial statements, focusing particularly on:

- 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;
- Letter of representation;
- Qualitative aspects of financial reporting;
- Review instances where Standing Orders / Standing Financial Instructions have been waived
- Review at least annually, the Clinical Commissioning Group Governing Body's schedules of losses, special payments and register of gifts and hospitality

## 4. Membership

The Committee shall operate as a sub - committee of the Governing Body. The membership shall comprise:

ROLE	RESPONSIBILITY	VOTING/ NON-VOTING
Lay Member for Governance	Chair	Voting
Lay Member for Integrated Risk	Vice Chair	Voting
Lay Member for Patient and Public Engagement		Voting

### In attendance: (not members and no voting rights)

- Chief Finance Officer – Health and Social Care Integration
- Deputy Chief Finance Officer
- Director of Operations / Executive Nurse
- Director of Integrated Commissioning
- Corporate Affairs and Governance Manager
- External Audit
- Internal Audit

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- Local Counter Fraud Specialist

The Accountable Officer should be invited to attend, at least annually, to discuss with the Committee the process for assurance that supports the Annual Governance Statement.

The Committee may co-opt or seek advice from other representatives/expertise as appropriate and deemed necessary.

## 5. Quoracy

For each meeting to be deemed quorate attendance must include two voting members

## 6. Frequency of Meetings

The frequency of meetings will be at least quarterly and there should be opportunity for internal and external audit to meet with lay members privately at least once a year but more frequently if necessary. All meetings will be scheduled in advance for the full year.

## 7. Conflicts of Interest

An up to date register of members' interest will be retained and published in line with HMR CCG Conflicts of Interest Policy.

Members will be expected to declare any conflicts of interest at all meetings and the Chair will determine how any conflict will be handled in line with CCG Conflicts of Interest Policy.

## 8. Accountability

The Audit Committee will report to the Governing Body following each meeting, the minutes of the Committee shall be formally recorded, and a summary report submitted to part 1 of the subsequent meeting of the Governing Body.

Any Chair's action taken between meetings must be ratified at the next meeting of the Committee.

The Committee will complete an annual self-assessment of effectiveness, which will inform the CCG's Annual Governance Statement.

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## 9. Scheme of Delegation

The Committee will carry out the duties as detailed in these terms of reference in accordance with the scheme of delegation as set out in the NHS Heywood, Middleton and Rochdale CCG Constitution.

## 10. Corporate Sustainability

As a healthcare commissioner, the CCG is committed to planning and buying health care on a sustainable basis, this Committee will support the commitments of the HMR CCG Sustainable Development Management Strategy and Delivery Plan, wherever possible in;

1. Commissioning for sustainability and adaptation
2. Being a sustainable organisation
3. Promoting sustainability with member practices
4. Delivering our commitments and assessing our performance

Commissioning for sustainable development in the health and care system means;

- Planning services which are efficient, effective and safe
- Buying services that provide highest quality at best value, are safe and which have least impact on the environment
- Avoiding duplication, inefficiency and waste
- Focus on preventative, proactive care
- Patient's public engagement and involvement in planning and design of services
- Building resilience, and protecting and developing community assets and strengths
- Making the best use of all of the resources we have
- Minimising carbon emissions

## 11. Review Date

These Terms of Reference will be reviewed annually as a minimum.

## 12. Secretarial Support

Secretarial support will be provided to support the Chair in the management of the Committee's business and the collation and distribution of papers.

The agenda and papers for meetings shall be distributed five working days prior to the meeting

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### 13. Conduct of Committee

The Committee will set an annual work programme/schedule, it will review annually the terms of reference and membership.

Items for the agenda and all relevant supporting papers should be submitted to the CCG hub for approval by the Committee Chair a minimum of 10 working days prior to the meeting.

As a minimum all members will be expected to attend 70% of meetings within the financial year.

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