

AUDIT COMMITTEE

Terms of Reference

The Audit Committee (the Committee) is established in accordance with NHS St Helens 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 if incorporated into the Constitution.

1. Membership

Chair of the Committee (who shall be a Lay Member of the Governing Body with significant financial experience)

Lay Member of the Governing Body (who will be the vice chair)

2 Clinical Members of the Governing Body (one of whom must be a GP)

In attendance

- Internal Audit Representative
- External Audit Representative
- Counter Fraud Representative
- Chief Finance Officer
- Associate Director, Corporate Governance

Other senior staff may be invited to attend, particularly when the Committee is discussing areas of risk or operation that are the responsibility of that officer. Representatives from NHS Protect may be invited to attend meetings.

At least once a year the Committee should meet privately with the external and internal auditors. Regardless of attendance, external audit, internal audit, local counter fraud and security management (NHS Protect) providers will have full and unrestricted rights of access to the Audit Committee

The Clinical Commissioning Group Chair will be invited to attend one meeting each year in order to form a view on, and understanding of, the committee's operations.

2. Remit and responsibilities

The duties of the Committee will be driven by the priorities of the Clinical Commissioning Group, as identified by the CCG, and the associated risks. It will support the Governing Body's main functions of overseeing efficiency, effectiveness, economy and governance.

Integrated 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

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whole of the Clinical Commissioning Group's activities that support the achievement of the CCG's objectives.

The Committee will have the responsibility of reviewing and monitoring the Governing Body Assurance Framework and to ensure that any identified risks allocated to the Committee are actioned appropriately and that assurances are sought.

In particular the Audit 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 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 bribery and corruption as set by NHS Protect. In carrying out this work the Committee will 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 Governing Body members as appropriate, concentrating on the over-arching systems of integrated governance, risk management and internal control, together with indicators of their effectiveness.
- This above 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.

The Committee will approve the Detailed Financial Policies of the CCG and its arrangements for discharging the financial duties.

Internal audit

The Committee shall ensure that there is an effective internal audit function that meets mandatory Public Sector Audit Standards and provides appropriate independent assurance to the Audit 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
- 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

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- 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.
- Recommending the appointment of the internal auditors to the Governing Body.

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:

- Monitoring the performance of the external auditors as carried out by the Joint Auditor Panel.
- Agreement with the external auditors any additional work outside of the Contract (To be agreed by Joint Auditor Panel)
- 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, receive 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.
- Through the work of the Joint Auditor Panel advise the Governing Body on the appointment of external auditors.

Other assurance functions

- The Audit 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,
- These will include, but will not be limited to, any reviews by Department of Health arm's length bodies or regulators/inspectors (for example, the Care Quality Commission, NHS Litigation Authority, etc.) and professional bodies with responsibility for the performance of staff or functions (for example, Royal Colleges, accreditation bodies, etc.)
- The Audit Committee will also review the circumstance and reason behind any suspension of the Constitution.

Fraud, bribery and corruption

The Audit Committee shall satisfy itself that the Clinical Commissioning Group has adequate arrangements in place for countering fraud, bribery and corruption, and shall review the outcomes of this work. The Committee shall approve the Anti-fraud Service's workplan

Management

- The Audit Committee shall request and review reports and positive assurances from senior staff on the overall arrangements for governance, risk management and internal control.
- The Committee may also request specific reports from individual functions within the Clinical Commissioning Group as they may be appropriate to the overall arrangements.

Financial reporting

- The Audit Committee shall 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.
- 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 Audit Committee shall adopt on behalf of the Governing Body 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;
 - The wording in the Performance Report
 - 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; and
 - Qualitative aspects of financial reporting.

3. Administration

The Committee will be supported by an appropriate Secretary who will be responsible for supporting the Chair in the management of the Committee's business. The Secretary will take minutes and produce action plans as required.

4. Quorum

The Audit Committee Chair (or Vice Chair) and 1 Clinical Member.

5. Frequency and notice of meetings.

The Audit Committee shall meet on at least 5 occasions during the financial year. Internal Audit and External Audit may request a meeting if they consider one necessary. Members shall be notified at least 10 days in advance that a meeting is due to take place. Agendas and reports shall be distributed to members 7 working days in advance of the meeting date.

6. Reporting

The ratified minutes of Audit Committee will approved via email and be submitted to the next Governing Body meeting together with a report on key issues identified by the Committee. Exception reports will also be submitted at the request of the Governing Body. An annual report will be produced by the Audit Committee for the Governing Body which will include a work plan for the year ahead.

7. Conduct

All members are required to make open and honest declarations of the interest at the commencement of each meeting or to notify the Committee Chair of any actual, potential or perceived conflict in advance of the meeting. All members are required to uphold the Nolan Principles and all other relevant NHS Code of Conduct requirements.

8. Date and Review

These Terms of Reference were approved by NHS St Helens CCG Governing Body on 15th December 2016

Version No: 3

Date: 15th December 2016

Review date December 2018