

TERMS OF REFERENCE INTEGRATED AUDIT & GOVERNANCE COMMITTEE

1. PURPOSE

1.1 NHS Hull Clinical Commissioning Group (CCG) Board has resolved to establish an Integrated Audit & Governance Committee in accordance with its 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.

1.2 The Integrated Audit & Governance Committee is responsible for providing assurance to the CCG Board on the processes operating within the organisation for risk, control and governance. It assesses the adequacy of assurances that are available with respect to financial, corporate, clinical and information governance.

The committee is able to direct further scrutiny, both internally and externally where appropriate, for those functions or areas where it believes insufficient assurance is being provided to the CCG Board.

1.2 Links and interdependencies

The Integrated Audit and Governance Committee is the primary committee for all strategic risk, control and governance matters of the organisation, It will seek suitable information and assurance from independent sources, such as internal / external audit, as well as from internal sources, such as executive officers / senior managers and other committees of the board, in particular:

- The Quality and Performance Committee.
- The Planning and Commissioning Committee, and
- The Remuneration Committee.

The Integrated Audit and Governance Committee is chaired by a lay member of the CCG board. In which case the term "Chairman" is to be read as a reference to the Chairman of the Committee as the context permits, and the term "member" is to be read as a reference to a member of the Committee also as the context permits.

2. ACCOUNTABILITY

2.1 The Integrated Audit and Governance Group is directly accountable to the CCGC for overseeing and providing assurance on the matters detailed under Section 11 (Remit).

3. AUTHORITY

3.1 The Integrated Audit and Governance Committee is authorised by the CCGC to investigate any activity within its Terms of Reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Integrated Audit and Governance Committee.

Subject to such directions as may be given by the Board, it may establish sub-committees as appropriate and determine the membership and terms of reference of such. The Standing Orders and Prime Financial Policies of the CCG, as far as they are applicable, shall apply to the Integrated Audit and Governance Committee and its sub-committees.

The Integrated Audit and Governance Committee is authorised by the CCG Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

4. REPORTING ARRANGEMENTS

4.1 All meetings shall be formally minuted and a record kept of all reports/documents considered.

The reporting arrangements to the CCG Board shall be through the submission of a written Chair's Report on the progress made and assurances received to the next CCG Board meeting. The report shall, where necessary, include details of any recommendations requiring ratification by the CCG Board.

The Integrated Audit and Governance Committee will report to the CCG Board at least annually on its work in support of the Annual Governance Statement, specifically commenting on the 'fitness for purpose' of the Board Assurance Framework (CAF); the completeness and 'embeddedness' of risk management in the organisation, and the integration of governance arrangements.

Copies of the Minutes are a standing item on the CCGC. The Committee will provide an Annual Workplan to the CCG Board for approval and an Annual Report from the Committee.

4.2 Disclosure/Freedom of Information Act (FOI)

The senior officer with responsibility for corporate governance will be responsible for ensuring that FOI requirements in relation to the Committee's minutes and reports are met. The chair of the committee will seek the advice of the senior officer with responsibility for corporate governance in relation to any matters where an exemption as defined within the Freedom of Information Act 2000 is believed to apply.

5. MEMBERSHIP

5.1 The Membership of the Integrated Audit and Governance Committee is listed at Appendix 1. The chair of the CCG Board shall not be a member of the Committee.

Members are required to attend 4 out of 6 of scheduled meetings. Attendance will be monitored throughout the year and any concerns raised with the Chair and relevant Member.

Any changes to the Integrated Audit and Governance Committee must be approved by the CCG Board.

6. APPOINTMENT OF CHAIR

- 6.1 The Chair shall be appointed by the CCG Board, and shall be a lay member, who has qualifications, expertise or experience such as to enable to express informed views about financial management and audit matters. The Vice-Chair shall be determined by the Group.

7. QUORACY

- 7.1 The quorum for meetings shall be:

- One Lay Member, and
- One CCG Board GP Member.

If a quorum has not been reached, then the meeting may proceed if those attending agree but any record of the meeting should be clearly indicated as notes rather than formal Minutes, and no decisions may be taken by the non-quorate meeting of the Committee.

8. ATTENDANCE

- 8.1 The Chief Financial Officer, the Head of Corporate Governance and the Director of Quality and Clinical Governance/Executive Nurse or a suitable representative for each and appropriate Internal and External Audit representatives shall normally attend meetings, however, at least once a year the Committee should meet privately with the Internal and External Auditors.

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

Other Directors/Managers should be invited to attend, particularly when the Committee is discussing areas of risk or operations that are the responsibility of those Directors/Managers.

9. MEETINGS

- 9.1 Meetings shall be administered in accordance with the CCG Constitution, Standing Orders and Prime Financial Policies.

Meetings of the Integrated Audit and Governance Committee shall be held bi-monthly (an additional meeting will be arranged to receive the Annual Accounts). The External Auditor or Head of Internal Audit may request a meeting if they consider that one is necessary.

The Chief Financial Officer will ensure the Group is supported administratively, and will oversee the following:

- Agreement of agenda with the Chair and attendees and the collation/circulation of papers;

- taking the Minutes and keeping a record of matters arising and issues to be carried forward, and
- advising the **Committee** on pertinent issues/areas.

Each member present shall have a single vote. Matters put to a vote shall be determined by a simple majority of the votes of members present and voting on the matter. In the case of an equal vote, the person presiding (ie: the chair of the meeting) shall have a second and casting vote.

An Annual Schedule of Meetings shall be agreed at, or before, the last meeting each year in order to circulate the schedule for the following year.

10. CONFIDENTIALITY

- 10.1 All Members are expected **adhere to the CCG Constitution, Standards of Business Conduct and Conflicts of Interest Arrangements as well as the NHS duties of confidence.**

11. REMIT

11.1 Governance, Risk Management and Internal Control

The Integrated Audit and Governance **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 objectives.

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 accompanying Head of Internal Audit statement, External Audit opinion or other appropriate independent assurances, prior to endorsement by the CCG **Board**);
- the underlying assurance processes that indicate the degree of achievement of corporate 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, and
- 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 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 Directors/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 **Board** Assurance Framework (BAF) to guide its work and that of the audit and assurance functions that report to it.

11.2 Internal Audit

The **Committee** shall ensure that there is an effective Internal Audit function established by management that meets mandatory NHS Internal Audit Standards and provides appropriate independent assurance to the Chief Officer and the **CCG** Board. This will be achieved through:

- Consideration of the provision of the Internal Audit service, the cost of the audit and any questions of resignation and dismissal;
- reviewing and approving 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 **Board** Assurance Framework (BAF);
- consideration of the major findings of Internal Audit work (and management 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 organisation, and
- an Annual Review of the effectiveness of Internal Audit.

11.3 External Audit

The **Committee** shall review the work and findings of the External Auditor appointed by the Audit Commission and consider the implications and management response to their work. This will be achieved through:

- Consideration of the appointment and performance of the External Auditor, as far as the Audit Commission's rules 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 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 the **CCG** and associated impact on the Audit Fee, and
- reviewing all External Audit reports (including the report to those charged with governance), agreement of the Annual Audit Letter before submission to the **CCG Board** and any work undertaken outside the Annual Audit Plan, together with the appropriateness of management response.

11.4 Other Assurance Functions

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

These will include, but not be limited to, any reviews by Department of Health Arms-length Bodies (ALBs) or regulators/inspectors (e.g. the Care Quality Commission, NHS Litigation Authority, etc.) and professional bodies with responsibility for the performance of staff or functions (e.g. Royal Colleges, accreditation bodies, etc.).

In addition, the Integrated Audit and Governance **Committee** will review the work of other **committees** within the organisation, whose work can provide relevant assurance to the **Committee's** own scope of work. This will particularly include the Planning and Commissioning **Committee** and the Quality and Performance **Committee**.

11.5 Counter Fraud

The **Committee** shall satisfy itself that the organisation has adequate arrangements in place for countering fraud and shall review the outcomes of counter fraud work.

11.6 Management

The **Committee** shall request and review reports and positive assurances from Directors/Managers on the overall arrangements for governance, risk management and Internal Control.

They may also request specific reports from individual functions within the organisation as they may be appropriate to the overall arrangements.

11.7 Financial Reporting

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

It should ensure that the systems for financial reporting to the CCG **Board**, including those of budgetary control, are subject to review as to completeness and accuracy of the information provided to the CCG **Board**.

The **Committee** shall review the Financial Statements to be included in the Annual Report before submission to the CCG **Board**, focusing particularly 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 and practices and estimation techniques;
- Unadjusted mis-statements in the Financial Statements;

- Significant judgements in preparation of the Financial Statements;
- Significant adjustments resulting from the audit;
- Letter of Representation, and
- Qualitative aspects of financial reporting.

11.8 Risk

The Committee shall:

- Ensure effective risk management systems are in place including, but not limited to, the **Board** Assurance Framework (BAF); complaints; claims; incidents (including Serious Untoward Incidents (SUIs)); statutory and mandatory training; staff experience; risk assessments and registers, and inspections accreditations;
- Provide a process for scrutiny of high risks identified on the **Board** Assurance Framework (BAF) and Risk Register;
- Develop and monitor governance policies;
- Oversee and monitor the development of Research Governance structures, systems and processes;
- Monitor health, safety and security systems and processes required in order to deliver sound health, safety and security;
- Oversee and monitor the development of information governance structures, systems and processes required in order to deliver sound information governance;
- Monitor the use of the CCG seal;
- Ensure a sound governance process is in place to monitor standards in relation to independent contractors and providers of healthcare, and
- Ensure effective safeguarding systems are in place.

12. **REVIEW OF THE TERMS OF REFERENCE**

The Terms of Reference will be reviewed not less than annually and submitted to the governing body for approval as necessary.

APPENDIX 1

INTEGRATED AUDIT & GOVERNANCE COMMITTEE

MEMBERSHIP

Membership of the Committee is determined and approved by the CCG Board and will comprise:

Members

- Lay Member – audit, remuneration and conflict of interest matters, who has qualifications, expertise or experience such as to enable to express informed views about financial management and audit matters;
- Lay Member – Strategic Change (Vice Chair)
- CCGC GP Member
- CCGC GP Member
- Practice Manager **Member of CCG Board**

In Attendance (as and when required)

- Chief Finance Officer
- Head of Finance
- Head of Corporate Governance
- Director of Quality and Clinical Governance
- External Audit
- Internal Audit Manager
- Counter Fraud Manager
- Director of Commissioning and Partnerships
- Chief Officer

N.B. Nominated deputies to attendees may be appointed subject to approval by the Chair.