

INTEGRATED AUDIT AND GOVERNANCE COMMITTEE

TERMS OF REFERENCE

1. PURPOSE

- 1.1 NHS Hull Clinical Commissioning Group (CCG) Board has established an Integrated Audit and 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.

The Integrated Audit and 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 and also ensures Value for Money (VFM) and performance of all commissioned/contracted services in relation to the role and function of the CCG.

- 1.2 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.

1.3 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:

- Quality and Performance Committee;
- Planning and Commissioning Committee;
- Remuneration Committee;
- Primary Care Commissioning Committee
- Individual Funding Request Panel

The Integrated Audit and Governance Committee is chaired by a lay member of the CCG board. In which case the term "Chair" is to be read as a reference to the Chair 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 Committee is directly accountable to the CCG Board 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 CCG Board 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 CCG 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 (BAF); 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 CCG Board meetings. 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 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 Committee.

7. QUORACY / DECISION MAKING

- 7.1 The quorum for meetings shall be two members including the Chair or Vice Chair.

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. Matters requiring a decision in such circumstances can either be deferred to the next subsequent quorate meeting or the CCG board, where this can be quorate.

8. ATTENDANCE

- 8.1 The Chief Finance Officer, the Associate Director of Corporate Affairs and the Interim Director of Nursing and Quality ~~and Clinical Governance/Executive Nurse~~ or a senior 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 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.

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 Finance Officer will ensure the Committee 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.

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 to adhere to the CCG's Constitution and Standards of Business Conduct and Conflicts of Interest Policy.

11. REMIT

- 11.1 Summary Duties

The Integrated Audit and Governance Committee will fulfil the duties as set out in the Audit and Risk Assurance Committee Handbook (March 2016), as follows:

To advise the CCG Board and Accounting Officer on:

- the strategic processes for risk, control and governance and the Governance Statement
- the accounting policies, the accounts, and the annual report of the organisation, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors
- the planned activity and results of both internal and external audit
- adequacy of management response to issues identified by audit activity, including external audit's management letter
- assurances relating to the management of risk and corporate governance requirements for the organisation

- (where appropriate) proposals for tendering for either Internal or External Audit services or for purchase of non-audit services from contractors who provide audit services
- anti-fraud policies, whistle-blowing processes, and arrangements for special investigations
- conflicts of interest and related policies and statutory CCG registers, and
- the Committee will also periodically review its own effectiveness and report the results of that review to the Board

11.2 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 (including health and safety) and related reporting and self-certification, and
- the policies and procedures for all work related to fraud and corruption as set out in NHS Protect Standards – Anti Fraud, Bribery and Corruption.

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.

That assurance processes are in place for the management, recording and publishing of Declarations / Conflicts of Interest and the standards of business conduct as listed in the Constitution are adhered to.

11.3 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.

11.4 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.

In line with the requirement for the CCG to procure external audit services from 2018/19 onwards, the Committee (under the delegated authority of the CCG Board) will ensure there is sufficient scrutiny and oversight of the CCG's relationship with its external auditors by having an Auditor Panel. The Committee shall perform the role of the Auditor Panel for the CCG. The Chair of the Committee shall also be the

Chair of the Auditor Panel. The Auditor Panel shall:

- a. advise the CCG on the maintenance of an independent relationship with external auditors;
- b. advise the CCG on the selection and appointment of external auditors;
- c. 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 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 Board and provide a separate annual report to the Board of the panel's activities and decisions.

11.5 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, the Primary Care Commissioning Committee and the Quality and Performance Committee.

Assurance will be sought to ensure compliance with statutory functions e.g. Continuing Health Care (CHC).

11.6 Anti-crime

The Committee shall satisfy itself that the organisation has adequate arrangements in place for anti-crime activity, including fraud, and shall review the outcomes of such work.

11.7 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.

11.8 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.

11.9 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 Incidents (SIs)); 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;
- 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

- 12.1 The Terms of Reference will be reviewed not less than annually and submitted to the CCG Board for approval as necessary.

INTEGRATED AUDIT AND 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 (Chair)
- Lay Member – Strategic Change (Vice Chair)
- Lay Member - Patient and Public Involvement

In Attendance (Standing Attendees)

- Chief Finance Officer
- Deputy Chief Finance Officer / Finance
- Associate Director of Corporate Affairs
- Interim Director of ~~Quality and Clinical Governance/Executive Nurse~~ Nursing and Quality or senior quality representative
- External Audit Manager
- Internal Audit Manager

In Attendance (Add hoc)

- ~~Director of Integrated Commissioning~~ Chief Operating Officer
- ~~Chief Accountable~~ Officer
- Counter Fraud Representative

Nominated suitable deputies may be appointed subject to approval by the Chair.