

BOB CCGs Audit Committees in Common Terms of Reference

1. Purpose of the Committee

The Audit Committees in Common shall provide assurance and advice to the BOB CCGs Governing Bodies and the BOB CCGs Accountable Officer, on the proper stewardship of resources and assets, including value for money, financial reporting, the effectiveness of audit arrangements (internal and external), risk management, internal control and integrated governance arrangements within the CCG.

2. Aims and Objectives

The role of the Audit Committees in Common is to ensure there are robust systems and processes in place to enable adequate reporting of information to the Governing Bodies to provide assurance:

- That business is conducted in accordance with the law and proper standards
- Public money is safeguarded and properly accounted for
- Financial Statements are prepared in a timely fashion, and give a true and fair view of the financial position of the CCGs for the period in question
- Affairs are managed to secure economic, efficient and effective use of resources
- Effectiveness of audit arrangements
- Reasonable steps are taken to prevent and detect fraud and other irregularities
- The Audit Committees in Common shall on a regular basis examine and assess supplier spend by tender to ensure processes are being followed.

3. Integrated Governance, Risk Management and Internal Control

The Audit Committees in Common will review the adequacy of:

- The establishment and maintenance of effective systems of governance, risk management and internal control, across the whole of the BOB CCG's activities that support the achievement of organisational objectives
- Processes and strategies to ensure the management of financial business risk.
- All risk and control related disclosure statements (in particular the Annual Governance Statement) together with the accompanying Head of Internal Audit Opinion and Report, External Audit Opinion or other appropriate independent assurances prior to endorsement by the BOB CCG's Governing Bodies
- The underlying assurance processes that indicate the degree of the achievement of corporate objectives, the effectiveness of the management of principal risks and the appropriateness of the above disclosure statements
- The combined corporate risk register and assurance framework, and related risk action plans, ensuring that risks are appropriately prioritised and adequately controlled and mitigated, and ensuring that high and extreme risks are communicated to the BOB CCGs Governing Bodies
- 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 Authority.

- Satisfying itself on arrangements in place for countering fraud and outcomes of counter fraud work and approving the counter fraud work programme
 - The Committee should be advised as soon as possible of any instances discovered of fraud or financial misdemeanour notified to the CCG
- Ensure that the group has arrangements in place to work effectively with NHS Protect
- In carrying out this work the Audit Committees in Common will primarily utilise the work of Internal Audit, External Audit, Local Counter Fraud Service and other assurance functions, but will not be limited to these audit functions. It will also seek reports and assurances from the BOB CCGs' operational leadership team, GP Member Practices and BOB CCGs' Officers as appropriate, concentrating on the over-arching systems of integrated governance, the management of risk and internal control, together with indicators of their effectiveness. It may also request specific reports from individual functions within the BOB CCGs as they may be appropriate to the overall arrangement. This will be evidenced through the Audit Committees' in Common use of an effective Assurance Framework to guide its work and that of the audit and assurance functions that report to it.

The Audit Committees in Common hold the overall responsibility (as delegated from the BOB CCGs Governing Bodies) for monitoring the organisations' governance, risk management and internal control systems. As such, all other sub-committees of the BOB CCGs Governing Bodies will be asked to provide assurance to the Audit Committees in Common as required.

In particular, the Audit Committees in Common will review the adequacy and effectiveness of:

- The processes and systems in place, including the Constitutions, to ensure that all Committees can discharge their responsibilities
- The processes and controls, including, Prime Financial policies (Standing Financial Instructions) and Scheme of Delegation of Authority (and Reservation of Powers), to ensure the effective management of financial business risk
- Any changes to the above
- The Corporate Risk register and the Assurance Framework and related risk action plans, ensuring that risks are appropriately prioritised and adequately controlled and mitigated, and those high and extreme risks are communicated to the BOB CCGs Governing Bodies
- All risk and control related disclosure statements (in particular the governance statement), together with any appropriate independent assurances, prior to endorsement by the BOB CCGs
- The underlying assurance processes that indicate the degree of achievement of the BOB CCGs' 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
- Information governance systems and internal control environment
- 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 Protect
- Any joint committee, co-commissioning and contracted-out services, their processes, controls and policies on the same basis as for the BOB CCGs
- Any information technology and business intelligence processes, controls and policies provided by or to the BOB CCGs.

Any governance arrangement to support the Integrated Care System or system wide working.

4. Internal Audit

The Audit Committees in Common shall ensure that there is an effective internal audit function that meets mandatory NHS Internal Audit Standards and provides appropriate independent assurance to the Committees in Common, the BOB CCGs Accountable Officer and the BOB CCGs Governing Bodies. 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
- Ensuring that the internal audit function is adequately resourced and has appropriate standing within the BOB CCGs
- An annual review of the effectiveness of internal audit
- Ensure an appropriate relationship with internal auditors is maintained.

5. External Audit

The Audit Committees in Common will appoint an External Auditor in line with requirements of the Local Audit and Accountability Act 2014 for their respective organisations and 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:

- 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 audits commence, on the nature and scope of the audits as set out in the annual plan for each organisation, and ensuring co-ordination, as appropriate, with other external auditors in the local health economy
- Discussion with the relevant external auditors of their local evaluation of audit risks and assessment of each CCG and associated impact on the audit fee
- Approval of audit fee after taking into consideration the factors above
- Review of all external audit reports, including the report to those charged with governance, agreement of the annual audit letter before submission to the BOB CCGs and any work undertaken outside the annual audit plan, together with the appropriateness of management responses
- Ensure an appropriate relationship with external auditors is maintained.

6. 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 BOB CCGs. These will include, but will not be limited to, any reviews by Department of Health and Social Care arm's length bodies or regulators/inspectors (for example, the Care Quality Commission and NHS Litigation Authority) and professional bodies with responsibility for the performance of staff or functions (for example, Royal Colleges and accreditation bodies).

The Audit Committees in Common will review its own performance, membership and terms of reference as required but at least annually and make proposals for any changes to the BOB CCGs' Governing Bodies and notified to the Council of Members. The Terms of Reference will be approved by the BOB CCGs' Governing Bodies as part of their Constitution approval.

7. Financial Reporting

The role of the Audit Committees in Common is to ensure there are robust systems and processes in place to enable adequate reporting of information to the Governing Bodies to provide assurance.

The Audit Committees in Common shall ensure that the systems for financial reporting to the BOB CCGs, including those of budgetary control, are subject to review as to completeness and accuracy of the information provided to the BOB CCGs.

The Audit Committees in Common shall review the annual report and financial statements before submission to the BOB CCGs Governing Bodies and the BOB CCGs External Auditors, focusing particularly on:

- The wording in the governance statement and other disclosures relevant to the terms of reference of the Audit Committees in Common
- 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
- The assumptions underlying the Management Assessment of Going Concern
- Letter of representation
- Letter to management from auditors and management's response.
- Qualitative aspects of financial reporting.

8. Write Offs, Losses and Special Payments

Any write offs above the limit (£1,000) in the Standing Financial Instructions will need the approval of the Audit Committees in Common and are reported to the BOB CCGs Governing Bodies via the Audit Committees in Common minutes.

9. Procurement Policy Compliance (Tender Waiver)

The Audit Committees in Common will monitor compliance with the BOB CCGs' Procurement Policies through the quarterly reporting of the use of single tender action waivers. Ratification of single tender waivers shall be made by the BOB CCGs Governing Bodies.

10. Management

The Audit Committees in Common shall request and review reports and positive assurances from directors and managers on the overall arrangements for governance, risk management and internal control.

The Audit Committees in Common may also request specific reports from individual functions within the BOB CCGs as they may be appropriate to the overall arrangements.

11. Membership

The Audit Committees in Common shall be appointed by the BOB CCGs as set out in the BOB CCGs' Constitutions and may include independent appointments who are not on the Governing Bodies of the BOB CCGs.

The Audit Committees in Common will nominate a convenor for the meetings who will be one of the current Audit Committee Chairs who are the BOB CCGs' lay members with the lead role in governance. The Audit Committees in Common will decide whether the convenor is selected for each meeting or the role undertaken on a rota basis.

Only members of the BOB CCGs Audit Committees have the right to attend Audit Committees in Common meetings. However, the following officers of the BOB CCGs and external representatives are expected to be in attendance at the Audit Committees in Common: the Director of Finance/Chief Finance Office and the Director of Governance/appropriate governance lead. In addition an appropriate representative from Internal Audit and a representative from External Audit shall normally attend meetings. Officers may send a designated deputy if they cannot attend in person.

Any other member of the BOB CCGs management and relevant external advisers may be invited to attend as and when appropriate and necessary, particularly when the Audit Committees in Common is discussing particular areas of risk or operation.

At least once a year each BOB CCGs Audit Committee reserves the right to meet privately with its external and internal auditors.

Regardless of attendance, external audit, internal audit, local counter fraud and security management providers will have full and unrestricted rights of access to the BOB CCGs Audit Committees.

The BOB CCGs Accountable Officer should be invited to attend the meeting to sign off the annual accounts and reports.

The Clinical Chairs of the BOB CCGs Governing Bodies shall also be invited to attend one meeting each year in order to form a view on, and understanding of, the Audit Committees' in Common operations.

The Audit Committees in Common has a standing invitation to any members of the BOB CCGs Governing Bodies to attend the Audit Committees in Common subject to any conflicts of interest.

12. Quorum

A quorum shall be at least two Committee members from each of the BOB CCGs (one of whom should be a qualified accountant). A duly convened meeting of the committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

Attendance may be in person or via videoconferencing.

If the meeting becomes inquorate, the meeting shall either be suspended or decisions adjourned to another date, including virtual agreement by email correspondence. If a member is conflicted on a particular item of business they may not count towards the quorum for that item of business. If a member is conflicted on a particular item they may be excluded from discussion of the item

At all times the Audit Committees will seek to reach a consensus; for any items requiring a formal vote each member will have a single vote and a simple majority carrying the motion with the Committee Chairs having a second, casting vote in the event of a tie.

13. Accountability and Reporting Arrangements

This Audit Committee is formally accountable to the BOB CCGs Governing Bodies as one of its committees.

Agreed minutes of the Audit Committees in Common meetings are sent to the BOB CCGs Governing Bodies for information.

The BOB CCGs Governing Bodies will receive the minutes of Audit Committees in Common meetings and will also receive an annual report on the effectiveness of the Audit Committees in Common work.

14. Meeting Arrangements

The Audit Committees in Common shall meet not less than four times each year and otherwise as required. Meetings shall be called by the meeting administrator at the request of the any of the BOB CCGs' Audit Committee Chairs at not less than five working days' notice. The External Auditor or Head of Internal Audit may request a meeting if they consider that one is necessary and this may be called at shorter notice than stated above. One meeting will be held immediately before the annual financial accounts being presented to the CCG Accountable Officer for approval.

Each year, the Audit Committee develops a forward plan of planned business aligned to the BOB CCGs' business cycle and shares this with the BOB CCGs Governing Bodies. The BOB CCGs shall appoint a Secretary who shall be responsible for supporting the Audit Committee Chairs, meeting Convenor and Director Single Point of Contact in the management of the Audit Committees' in Common business. The agenda and papers will be provided to committee members at least ten (10) working days before the meeting

Apologies should be sent in advance to determine quorum.

In exceptional circumstances and at the discretion of the Convenor, papers may be tabled where appropriate.

Minutes of the meeting, action points/log and detail of decisions taken are recorded and produced and circulated within ten (10) working days of the meeting.

15. Decision Making and Delegated Authority

The Audit Committees in Common has delegated authority to take decisions in accordance with standing orders and schemes of delegation. The Audit Committees in Common works

on the basis that decisions are made by consensus wherever possible. Where this is not possible, a vote may be taken as detailed in 12 above.

Only standing members of the Audit Committee are eligible to vote and each member shall have one vote. If an individual has a conflict of interest for a particular agenda item, they must abstain from voting on that item (see Conflicts of Interest Policy).

The Audit Committees in Common is authorised to seek any information it requires from any employee of the BOB CCGs and all employees of the BOB CCGs are directed to cooperate with any request made by the Audit Committees in Common. The Audit Committees in Common is authorised to obtain external legal or other independent professional advice and to secure the attendance of advisers with relevant experience and expertise if it considers this necessary, such as commissioning reports or surveys it deems necessary to help fulfil its obligations.

Unless the Convenor declares otherwise during the course of a meeting, no business shall be transacted at the meeting other than that specified on the agenda, unless the provisions of Emergency Powers and Urgent Decisions and Suspension of Standing Orders apply. If a decision were taken by the BOB CCGs Governing Bodies to suspend standing orders, a separate record of matters discussed during the suspension shall be kept. These records shall be made available to the Audit Committees in Common for review of the reasonableness of the decision to suspend standing orders.

16. Responsibilities of Members

In addition to contributing to the delivery of the responsibilities outlined above individual members of the Committee are responsible for declaring and managing conflicts of interests. Members also have a corporate responsibility to recognise and respect boundaries and ensure that information received by virtue of being a Committee member is managed appropriately within those boundaries.

Members of the Audit Committees in Common through the report to the BOB CCGs Governing Bodies are also responsible for:

- Providing clear feedback to the BOB CCGs Governing Bodies
- Providing clear input and feedback to the Audit Committees in Common from the respective BOB CCGs Governing Bodies
- Ensuring that the BOB CCGs are adequately represented on and actively engaged with developing the recommendations and decisions of the Audit Committees in Common.

If a member has a direct or indirect connection with an issue on the agenda which may impact on their ability to be objective they must declare an interest to the Convenor. A decision may then be taken by the Convenor as to whether it is appropriate or not for this member to remain involved. All declarations of interest and decisions on participation shall be reported in the minutes.

To allow the Audit Committees in Common to operate effectively, members need to be able to openly discuss commercial and operational issues and requirements. Members accordingly agree to hold all information obtained in the course of meetings in the strictest of confidence and agree not to disclose any information discussed without first seeking authorisation to do so from the relevant Audit Committee Chair.

All meetings are held in accordance with the BOB CCG's agreed corporate behaviours; Nolan Principles of Public Life; and Standards for Members of NHS Boards and Clinical Commissioning Group Governing Bodies in England.

It is good practice, at least annually, for the Audit Committees in Common to review its own effectiveness, performance, membership, terms of reference and prepare an annual cycle of business. Any resulting changes to the terms of reference or membership should be ratified by the BOB CCGs Governing Bodies.

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