

**Bristol, North Somerset and South Gloucestershire  
Clinical Commissioning Group  
Audit, Governance and Risk Committee  
Terms of Reference**

Version Control		
Version	Date	Consultation
v2	20/02/19	Audit, Governance and Risk Committee

# **Bristol, North Somerset and South Gloucestershire Clinical Commissioning Group**

## **Audit, Governance and Risk Committee**

### **Terms of Reference**

#### **1. Introduction**

The Audit, Governance and Risk Committee of the Bristol, North Somerset and South Gloucestershire (BNSSG) Clinical Commissioning Group (CCG) is established in accordance with the CCG Constitution, Standing Orders, Scheme of Delegation and Reservation, and Standing Financial Instructions of the CCG. These terms of reference set out the membership, remit, authority, responsibilities and reporting arrangements of the Committee.

This Committee is a non-executive Committee of the Governing Body and has no executive powers other than those specifically delegated in these Terms of Reference.

The Committee is authorised by the Governing Body to act within its terms of reference. All members and employees of the CCG are directed to co-operate with any request made by the Committee.

#### **2. Remit and responsibilities of the Committee**

The CCG membership has delegated to the Committee:

- Approval of the appointment of, and any changes to, the provision or delivery of internal and external audit services for the CCG.
- Consideration of the performance of internal and external audit services for the CCG.
- Monitoring compliance with the CCG's Standing Financial Instructions
  - Reviewing schedules of losses and compensations and make recommendations to the Governing Body
- Reviewing the annual financial statements prior to submission to the governing body

As described in the CCG's Constitution, the Governing Body has delegated responsibility for:

- Providing an independent and objective view of the CCGs system of internal control including financial systems, business systems, performance information, financial information and compliance with laws, regulations and directions governing the CCG,
- Recommending the CCG's risk management strategy and procedures and assuring these.

- Assuring standards of business conduct and the management of conflict of interest.
- The appointment of internal and external auditors.
- Keeping under review the CCG Constitution, Standing Orders, Scheme of Delegation and Reservation, and Standing Financial Instructions

Specific responsibilities arising from the Prime Financial Policies included in the Constitution are:

- Assuring the timetable for producing the annual report and accounts and reviewing and recommending these to the Governing Body.
- Assuring and recommending to the Governing Body the annual counter-fraud and security plans, receiving counter-fraud and security reports and providing assurance on management actions being taken in response to matters raised
- Ensuring that the CCG has arrangements in place to work effectively with the NHS Counter-Fraud Authority
- Approve the CCGs banking arrangements
- Undertaking such other functions as the Governing Body may delegate.

The CCGs Detailed Financial Policies sets out further detail of the expectation of the Audit, Governance and Risk Committee in delivering their role and the relevant detail is shown as an extract at Appendix 1.

### **3. Membership**

The Committee will comprise:

- The independent (lay) member who leads on Audit, Governance and Risk
- The independent (lay) member who leads on Strategic Finance
- The independent clinical member (secondary care doctor)

### **4. Chair**

The meeting will be chaired by the independent (lay) member who leads on Audit, Governance and Risk or in their absence or where there is a conflict of interest by the independent clinical member (secondary care doctor).

### **5. Attendance at Meetings**

Only members of the Committees have the right to attend Committee meetings.

The Internal and External Auditors will be asked to attend each meeting and will meet at least once per annum alone with just the Audit, Governance and Risk Committee members.

The Local Counter Fraud Specialist will be asked to attend twice per annum and has the right to request attendance at any meeting.

Other individuals such as the Chief Financial Officer or other Executives or Managers within the CCG will be asked to attend to present items for assurance.

The Corporate Secretary or their deputy will be in attendance at all meetings to advise the committee on governance matters.

The Chief Executive will be invited to attend all meetings of the Committee and receive the agenda and papers. They should attend the Committee at least annually.

The Clinical Corporate Lead for Contracts and Finance will be invited to attend all meetings of the Committee and receive the agenda and papers.

The Committee may require the attendance at its meetings of any Officer of the CCG to discuss matters relevant to their areas of responsibility.

## **6. Quorum and Voting**

A minimum of two members will constitute a quorum. One of these members must be an independent lay member.

The aim will be to reach consensus without the need to resort to a vote. A decision put to a vote at the meeting shall be determined by a majority of the votes of members present. In the case of an equal vote, the Chair of the Committee shall have a second and casting vote.

Only members of the Committee

## **7. Administration**

A named administrator will be responsible for the provision of administrative support to the Committee and they will ensure that minutes of the meeting are accurately produced and agreed with members.

The Chief Finance Officer will be responsible for supporting the Chair in the management of the Committee and in drafting agendas, forward planner which details the annual cycle of business for the Committee and specifying content of reports.

Except in the event of urgent meetings, a minimum of ten days' notice of a meeting of the committee will normally be provided confirming the venue, time and date together with an agenda of items to be discussed. Supporting papers will normally be sent to all members and other attendees as appropriate, no later than 5 working days before the meeting.

All members or attendees at the Committee are required to declare any potential or actual conflict of interest before items are discussed. There will be a standing agenda item at the beginning of each meeting for this purpose. Even if an interest has been recorded in the register of interests, it must still be declared in meetings where matters relating to that interest are discussed. Declarations of interest will be recorded in minutes of meetings.

The Chair of the meeting, with the support of the Corporate Secretary, will proactively consider ahead of meetings what conflicts are likely to arise and how

they should be managed, including taking steps to ensure that supporting papers for particular agenda items of private sessions/meetings are not sent to conflicted individuals in advance of the meeting where relevant.

The Chair, with the support of the Corporate Secretary, may seek information on behalf of the Committee on any area described in these terms of reference that may be helpful to the Committee in undertaking its role.

## **8. Frequency and Notice of Meetings**

The Committee shall meet at least 5 times per year. Any two members of the Committee can request an additional meeting which should be convened within 21 days.

Extraordinary meetings of the Committee may be held as required as agreed with the Chair.

## **9. Reporting arrangements**

The minutes of the Committee shall be formally recorded and submitted to the CCG Governing Body. These minutes should be supported by a summary of decisions made and recommendations from the Committee. The Chair of the Committee shall draw to the attention of the Governing Body issues that require disclosure or which require Executive action.

The Committee will report to the CCG Governing Body annually on its work in support of the Annual Governance Statement, specifically commenting on the fitness for purpose of the Assurance Framework, the completeness and embeddedness of risk management in the organisation and the integration of governance arrangements.

The person appointed by the group to be responsible for internal audit and the CCG appointed external auditor will have direct and unrestricted access Committee members for any significant issues arising from audit work that management cannot resolve, and for all cases of fraud or serious irregularity.

## **10. Policy and Best Practice**

When considering matters, the Committee should take into account the following points:

- All statutory requirements applicable to CCGs (including Accounting, Health and Safety, Information Security, etc.)
- NHS England requirements and standards
- NHS best practice
- Emerging risks and issues

The Committee will have full authority 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, within its terms of reference.

### 11. Review of the Committee's Performance

The Committee will undertake a review of its performance on an annual basis and report this to the Governing Body. It will use this exercise to inform the review of its Terms of Reference which will be recommended to the Governing Body.

### 12. Approval and Review

These terms of reference will be reviewed on an annual basis or sooner if required with recommendations made to the Governing Body for approval.

#### Review History

Version	Reviewed and Approved by:	Date Approved	Review date
v1	<b>Governing Body</b>	May 2018	May 2019

# Appendix 1 - Extract from Bristol, North Somerset and South Gloucestershire CCG's Detailed Financial Policies

## 2.1 Audit Committee

2.1.1 An independent Audit Committee is a central means by which a Governing Body ensures effective internal control arrangements are in place. In addition, the Audit Committee provides a form of independent check upon the executive arm of the Governing Body. In accordance with CCG Constitution the Governing Body shall formally establish an Audit Committee, with clearly defined terms of reference and following guidance from the NHS Audit Committee Handbook to perform the following tasks:

- a) ensuring there is an effective internal audit function established by management, that meets mandatory NHS Public Sector Internal Audit Standards and provides appropriate independent assurance to the Audit Committee, Chief Executive Officer and Governing Body;
- b) reviewing the work and findings of the external auditor appointed by the CCG and considering the implications of, and management's responses to, their work
- c) reviewing the findings of other significant assurance functions, both internal and external to the organisation, and considering the implications for the governance of the organisation;
- d) ensuring that the systems for financial reporting to the Governing Body, including those of budgetary control, are subject to review as to completeness and accuracy of the information provided to the Governing Body;
- e) reviewing financial and information systems and monitoring the integrity of the financial statements and reviewing significant financial reporting judgments;
- f) reviewing 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;
- g) monitoring compliance with CCG Constitution, Detailed Financial Policies and Prime Financial Policies;
- h) reviewing schedules of losses and compensations and making recommendations to the Governing Body;
- i) reviewing schedules of assets and liabilities;
- j) reviewing the annual report and financial statements prior to submission to Governing Body 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;
  - unadjusted mis-statements in the financial statements;
  - major judgmental areas;
  - significant adjustments resulting from audit.

- k) reviewing the annual financial statements and recommend their approval to the Governing Body;
- l) reviewing the external auditors' report on the financial statements and the annual management letter;
- m) conducting a review of the CCG's major accounting policies;
- n) reviewing any incident of fraud or corruption or possible breach of ethical standards or legal or statutory requirements that could have a significant impact on the CCG's published financial accounts or reputation;
- o) reviewing any objectives and effectiveness of the internal audit services including its working relationship with external auditors;
- p) reviewing major findings from internal and external audit reports and ensure appropriate action is taken;
- q) reviewing 'value for money' audits reporting on the effectiveness and efficiency of the selected departments or activities;
- r) reviewing the mechanisms and levels of authority (e.g. CCG Constitution, Detailed Financial Policies, Delegated limits) and make recommendations to the CCG Governing Body;
- s) reviewing the scope of both internal and external audit including the agreement on the number of audits per year for approval by the CCG Governing Body;
- t) investigating any matter within its terms of reference, having the right of access to any information relating to the particular matter under investigation;
- u) reviewing waivers to CCG Constitution;
- v) reviewing hospitality and sponsorship registers;
- w) reviewing the information prepared to support the Annual Governance Statement prepared on behalf of the Governing Body and advising the Governing Body accordingly
- x) establish an auditor panel as a sub group of the audit committee to ensure the contract arrangements, including the procurement and selection, with the external auditors is appropriate