

AUDIT COMMITTEE TERMS OF REFERENCE

1. ROLE OF THE COMMITTEE

Purpose:

This committee provides the CCG's governing body with an independent and objective view of the CCG's financial systems, financial information and compliance with laws, regulations and directions governing the group in so far as they relate to finance, good corporate governance and the CCG's responsibility to act effectively, efficiently and economically.

Objectives:

The Committee is a non-executive committee of the CCG Board and has no executive powers, other than those specifically delegated in these terms of reference.

The Audit Committee will:-

- Approve audit appointments on behalf of the CCG Board
- Advise the CCG Board on internal and external audit services and undertake annual review of their effectiveness
- Review and approve the internal and external audit strategies, operational plans and detailed programme of work
- Consider the major findings of internal audit and external audit and management's response
- Monitor the progress of the internal and external audit work programmes and receive progress reports and the final Head of Internal Audit Opinion, the Annual Results Report ISA (UK & Ireland) 260 and any other formal auditor reporting and agree the CCG response on behalf of the CCG Board
- Review the effectiveness of the Internal Audit function annually and ensure it meets the Public Sector Internal Audit Standards 2013
- Ensure that the CCG has adequate arrangements in place for counter fraud and security that meet NHS Protect's standards and review the outcomes of work in these areas
- Review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process
- Review establishment and maintenance of effective system of integrated governance, risk management, and internal control that supports the CCG's objectives (arrangements for patient safety are the responsibility of the Quality and Governance Committee)
- Review all risk and control related disclosure statements (including the annual Governance Statement and approve the annual Governance Statement on behalf of the CCG Board
- Approve minor amendments on behalf of the Board or endorse new and/or significant amendments for approval by the Board of policies and procedures for all work related to internal control, counter fraud and corruption, emergency planning and business continuity, and compliance with relevant regulatory, legal and code of conduct requirements
- Review the CCG's Scheme of Delegation and SFIs on an annual basis
- 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, including any reviews by Department of Health arm's length bodies or regulators/inspectors (e.g. Care Quality Commission, NHS Litigation Authority, etc.), professional bodies with responsibility for the performance of staff or functions (e.g. Royal Colleges, accreditation bodies, etc.)

- Review the work of other committees within the organisation, whose work can provide relevant assurance to the Committee's own scope of work. In particular, the Committee will monitor and review the arrangements for managing clinical risk
- Review schedules of losses and compensations and make recommendations to the CCG Board
- Approve the statutory accounts and Annual Reports and all other related statutory reporting and approve the documents on behalf of the CCG Board
- Approve the opening or closing of any bank accounts
- Review systems for financial reporting to the CCG Board including those of budgetary control and forecasting to ensure that reports are complete and accurate
- Review the effectiveness of arrangements in place for allowing staff to raise, in confidence, concerns about possible improprieties in financial, clinical or safety matters and ensure that any such concerns are investigated proportionately and independently
- Seek assurance on implementation of Emergency Planning and Business Continuity arrangements.

When acting as Auditor Panel for procurement of External Auditors

- Make recommendations to the Board in relation to the procurement and ongoing management of External Auditors.

2. ACCOUNTABILITY

Accountable to:

Mid Essex CCG Board.

Accountable for:

- Governance, risk management and internal control
- Internal audit
- External audit
- Counter Fraud
- Assuring the Board on the adequacy of the financial systems, financial information and financial reporting
- Assuring the Board on the adequacy of the CCG's arrangements for ensuring compliance with laws, regulations and directions governing the CCG in so far as they relate to finance
- Assuring the Board on the adequacy of the CCG's arrangements to meet its responsibility to act effectively, efficiently and economically.

3. DECISION MAKING

The Committee can take decisions and make recommendations on the matters within its review.

The Committee makes decisions on behalf of the CCG Board in relation to accounting policies and financial and statutory reporting responsibilities.

4. MANAGEMENT OF CONFLICTS OF INTEREST

Members of the Committee will be required to declare any relevant interests to the CCG in accordance with the CCG's Conflicts of Interest Policy (MECCG003).

A register of Committee members' interests and CCG staff and Auditors who regularly attend Committee meetings will be produced for each meeting. Committee members will be required to declare interests relevant to agenda items as soon as they are aware of an actual or potential conflict so that the Committee Chair can decide on the necessary action to manage the interest in accordance with the Conflicts of Interest Policy.

5. MONITORING AND REPORTING

Monitoring Arrangements:

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

Reporting Arrangements:

The Minutes of the Committee will be formally recorded and submitted to the CCG Board at regular intervals.

On an annual basis the Committee will provide the CCG Board with a report to describe how it has fulfilled its terms of reference and give details of any significant issues in relation to the financial statements and how they were addressed

6. MEMBERSHIP

MEMBERSHIP (VOTING)

Lay member – Keith Andrew (Chair)
Lay Member – Alan Hubbard (Vice Chair)
GP member - Dr Michael Bailey

IN ATTENDANCE (NON VOTING)

External Auditor
Internal Auditor
LCFS
Chief Finance Officer
Accountable Officer
Deputy Chief Finance Officer
Director of Corporate Services & Board Secretary
Head of Corporate Governance
Head of Emergency Planning

Other Directors and officers of the CCG will be requested to attend as required.

At least once a year, the Committee should meet privately with the external and internal auditors.

The Group meetings will be administered by the PA to the Director of Corporate Services under the direction of the Head of Corporate Governance. The duties in this respect will include:

- agreement of agendas with the Chair and attendees and collation of papers
- taking the minutes
- keeping a record of matters arising and issues to be carried forward

Papers will be issued 5 working days before the Committee meeting and late papers will not normally be accepted. Exceptionally late papers may be circulated with the express agreement of the Committee Chair.

Minutes will be circulated within 5 working days.

Apologies for non-attendance should be made 5 days in advance of the Committee.

7. QUORUM

This group will be considered quorate when two members are present which must include either the Committee Chair or the Committee Vice Chair.

8. MEETING FREQUENCY

The Committee will consider the frequency and timing of meetings needed to allow it to discharge all of its responsibilities but will aim to meet at least five times during the year.

The external or internal auditors may request a meeting if they consider one is necessary.

9. REVIEW OF EFFECTIVENESS

The Committee will develop a workplan that prioritises and monitors the delivery of its objectives. This workplan will be monitored regularly and will be formally reviewed on an annual basis.

10. REVIEW OF TERMS OF REFERENCE

To be reviewed annually by the Committee. Changes will be recommended to and ratified by the CCG Board.

Date of approval by Audit Committee: 18 December 2017

Date of approval by Board: 25 January 2018