

**NHS North Central London
Integrated Care Board
Audit Committee
Terms of Reference**

1. Introduction

- 1.1 The Audit Committee ('Committee') is established in accordance with the Constitution of NHS North Central London Integrated Care Board ('ICB'). It is a committee of the ICB's Board of Members.
- 1.2 These Terms of Reference set out the membership, remit, responsibilities and reporting arrangements of the Committee.

2. Purpose

- 2.1 The purpose of the Committee is to carry out the duties listed in sections 3 to 12 below:

3. Integrated Governance, Risk Management and Internal Control

- 3.1 The Committee will:
- a) Review the establishment and maintenance of an effective system of integrated governance, risk management and internal control, across the whole of the ICB's activities that support the achievement of the organisational objectives and priorities;
 - b) Approve the ICB's risk management framework, corporate governance and information governance policies;
 - c) Seek assurance on the operation of the control environment, corporate governance framework, risk management framework. This includes for risk management reviewing the overall completeness of, and confidence in, the sources of assurance;
 - d) 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 Opinion, external audit opinion or other appropriate independent assurances;
 - The underlying assurance processes that indicate the degree of achievement of the organisation's 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 any related reporting and self-certifications;
 - The policies and procedures for all work related to counter fraud and security as required by NHS Counter Fraud Authority;
 - The policies and procedures for managing conflicts of interest;
 - The policies and procedures for managing gifts and hospitality.

- 3.2 In carrying out this work the Committee will primarily utilise the work of internal audit, external audit, counter fraud and other assurance functions, but it will not be limited to these sources. It will also seek reports and assurances from directors and managers as appropriate, concentrating on the over-arching systems of integrated governance, risk management and internal control, together with an indication of their effectiveness.
- 3.3 These will be evidenced through the Committee's use of an effective assurance framework to guide its work and the audit and assurance functions that report to it. As part of its integrated approach the Committee will have effective relationships with other key ICB Board of Member committees so that it underpins processes and linkages. However, these other committees must not usurp the Committee's role.

4. Internal Audit

- 4.1 The Committee shall ensure that there is an effective internal audit function that meets the Public Sector Internal Audit Standards 2013 and provides appropriate independent assurance to the Committee, Chief Executive and ICB Board of Members. This will be achieved by:
- a) Supporting the provision of the internal audit service and the costs involved;
 - b) Reviewing and approving the audit strategy, annual internal audit 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;
 - c) Considering the major findings of internal audit work (and management's response), and ensuring co-ordination between the internal and external auditors to optimise the use of audit resources;
 - d) Ensuring that the internal audit function is adequately resourced and has appropriate standing within the organisation;
 - e) Monitoring the effectiveness of internal audit and carrying out an annual review.

5. External Audit

- 5.1 The Committee shall review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process. In particular, the Committee will 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:
- a) Supporting the appointment and performance of the external auditors;
 - b) Discussing and agreeing with the external auditors before the audit commences the nature and scope of the audit as set out in the annual plan;
 - c) Discussing with the external auditors their evaluation of audit risks and assessment of the organisation and the impact of the audit fee;
 - d) Reviewing all external audit reports, including the report to those charged with governance (before its submission to the Board of Members as appropriate) and any work undertaken outside of the annual audit plan, together with the appropriateness of management responses;
 - e) Ensuring that there is in place a clear policy for the engagement of external auditors when supplying non-audit services.

6. Information Governance

- 6.1 The Committee shall:
- a) Receive regular updates on Information Governance ('IG') compliance (including uptake & completion of data security training), data breaches and any related issues and risks;
 - b) Review the annual Senior Information Risk Owner ('SIRO') report and the submission for the Data Security & Protection Toolkit audit;

- c) Provide assurance to the Board of Members that there is an effective framework in place for the management of risks associated with Information Governance.

7. Other Assurance Functions

- 7.1 The Committee shall review the findings of other significant assurance functions, both internal and external to the ICB, and consider the implications for the governance of the ICB.
- 7.2 These will include, but will not be limited to, any reviews by Department of Health arm's length bodies or regulators/inspectors (for example, the Care Quality Commission, NHS Litigation Authority etc) and professional bodies with responsibility for the performance of staff or functions (for example, Royal Colleges, accreditation bodies etc).
- 7.3 In addition, where required the Committee will review the work of other committees within the ICB, whose work can provide relevant assurance to the Committee's own areas of responsibility.

8. Counter Fraud

- 8.1 The Committee shall satisfy itself that the ICB has adequate arrangements in place for counter fraud and security that meet NHS Counter Fraud Authority's standards and shall review the outcomes of work in these areas. This will be achieved by:
 - a) Considering the provision of the counter fraud service and the costs involved;
 - b) Reviewing and approving the counter fraud strategy, annual internal audit plan and more detailed programme of work, ensuring that this is consistent with the needs of the organisation;
 - c) Considering the major findings of internal audit work and management's response;
 - d) Ensuring that the counter fraud function is adequately resourced and has appropriate standing within the organisation;
 - e) Monitoring the effectiveness of counter fraud and carrying out an annual review.

9. Management

- 9.1 The Committee shall request and review reports, evidence and assurances from directors and managers on the overall arrangements for governance, risk management and internal control.
- 9.2 The Committee may also request specific reports from individual functions within the organisation.

10. Financial Reporting

- 10.1 The Committee shall monitor the integrity of the financial statements of its organisation and any formal announcements relating to its financial performance.
- 10.2 The Committee should ensure that the systems for financial reporting to the Board of Members, including those of budgetary control, are subject to review as to the completeness and accuracy of the information provided.
- 10.3 The Committee shall review the annual report and financial statements focussing particularly on:
 - a) The wording in the annual governance statement and other disclosures relevant to the terms of reference of the Committee;
 - b) Changes in, and compliance with, accounting policies, practices and estimation techniques;

- c) Unadjusted misstatements in the financial statements;
- d) Significant judgments in preparation of the financial statements;
- e) Significant adjustments resulting from the audit;
- f) Letters of representation;
- g) Explanations for significant variances;
- h) Ease of understanding of the contents for patients and the public.

11. Whistleblowing

11.1 The Committee shall review the effectiveness of the 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.

12. Reporting

12.1 The Committee shall report to the Board of Members on how it discharges its responsibilities;

12.2 The minutes of the Committee's meetings shall be formally recorded by the Secretariat and submitted to the Board of Members as required. The Committee Chair shall draw to the attention of the Board of Members any issues that require disclosure to the full Board of Members, or require executive action.

12.3 The Committee will report to the Board of Members at least annually on its work in support of the annual governance statement, specifically commenting on:

- a) The fitness for purpose of the assurance framework;
- b) The completeness and 'embeddedness' of risk management in the organisation;
- c) The integration of governance arrangements;
- d) The appropriateness of evidence that shows the organisation is fulfilling regulatory requirements relating to its existence as a functioning business;
- e) The robustness of the processes behind the quality accounts.

12.4 The annual report should also describe how the Committee has fulfilled its terms of reference and give details of any significant issues that the Committee considered in relation to the financial statements and how they were addressed.

13. Membership

13.1 The Committee shall comprise of the following voting members:

- a) The Non-Executive Member who is the Chair of the Audit Committee;
- b) Two additional Non-Executive Members;
- c) A clinician.

13.2 The roles referred to in the list of voting members above describe the substantive roles and any equivalent successor roles and not the individual title or titles.

13.3 In accordance with the ICB's Constitution all voting members of the Committee must be approved by the ICB's Chair.

13.4 The list of voting members is set out in Schedule 1. Schedule 1 does not form part of the Terms of Reference and may be amended without the need to formally amend these Terms of Reference.

13.5 Voting members may nominate deputies to represent them in their absence.

14. Participants and Observers

14.1 The following people shall attend Committee meetings as standing participants:

- a) Chief Finance Officer
- b) Executive Director of Corporate Affairs;
- c) Internal Auditors;
- d) External Auditors;
- e) Counter Fraud;
- f) 2 Community Participants (TBC)

14.2 Participants at Committee meetings are non-voting.

14.3 The roles referred to in the list of standing participants above describe the substantive roles and any equivalent successor roles and not the individual title or titles.

14.4 The Chief Executive will be invited to attend an audit committee meeting at least once per year to discuss the process for assurance that supports the annual governance statement and the annual report and accounts. The list of standing participants is contained in Schedule 1. Schedule 1 does not form part of the Terms of Reference and may be amended without the need to formally amend these Terms of Reference.

14.5 Standing participants may nominate deputies to represent them in their absence.

14.6 The Committee may invite or allow additional people to attend meetings as participants. Participants may present at meetings and contribute to the relevant discussions but are not allowed to participate in any formal vote.

14.7 The Committee may invite or allow people to attend meetings as observers. Observers may not present at meetings, contribute to any discussion or participate in any formal vote.

14.8 The Committee may call additional experts to attend meetings on a case by case basis to inform discussion.

15. Chair

15.1 The Committee Chair shall be the Non-Executive Member who is the Audit Committee Chair. The Chair may nominate a deputy to represent them in their absence.

16. Voting

16.1 The ICB has agreed to use a collective model of decision making that seeks to find consensus between system partners and make decisions based on unanimity as the norm. This includes working through difficult issues where appropriate. If it is not possible to achieve unanimity a vote will be required. Voting shall be as per clause 16.2 below.

16.2 Each voting member of the Committee shall have one vote with resolutions passing by simple majority. In the event of a tied vote the Committee Chair shall have the casting vote.

17. Quorum

17.1 The Committee will be considered quorate when at least 3 voting members are present.

17.2 If any representative is conflicted on a particular item of business they will not count towards the quorum for that item of business. If this renders a meeting or part of a meeting inquorate

a non-conflicted person may be temporarily appointed or co-opted onto the Committee to satisfy the quorum requirements.

17.3 If a meeting is not quorate the Committee Chair may adjourn the meeting to permit the appointment or co-option of additional members if necessary.

18. Secretariat

18.1 The Secretariat to the Committee shall be provided by the Corporate Affairs Directorate.

19. Frequency of Committee Meetings

19.1 The Committee will meet up to five times a year. However, the Committee Chair may call additional meetings or cancel meetings as necessary.

20. Notice of Meetings

20.1 Notice of a Committee meeting shall be sent to all Committee members no less than 7 days in advance of the meeting.

20.2 The meeting shall contain the date, time and location of the meeting.

21. Agendas and Circulation of Papers

21.1 Before each Committee meeting an agenda setting out the business of the meeting will be sent to every Committee member no less than 7 days in advance of the meeting.

21.2 Before each Committee meeting the papers of the meeting will be sent to every Committee member no less than 7 days in advance of the meeting.

21.3 If a Committee member wishes to include an item on the agenda they must notify the Committee Chair via the Secretariat no later than 7 days prior to the meeting. The decision as to whether to include the agenda item is at the absolute discretion of the Committee Chair.

22. Minutes of Meetings

22.1 The minutes of the proceedings of a meeting shall be prepared by the Corporate Services Directorate and submitted for agreement at the following meeting.

23. Authority

23.1 The Committee is accountable to the Board of Members and will operate as one of its committees. The Committee must act within the remit of these terms of reference and has no executive powers other than those specifically set out in these terms of reference.

23.2 The Committee is authorised by the Board of Members to obtain at the ICB's expense outside legal or other professional advice on any matters within the Committee's Terms of Reference. They are authorised to seek any information they require from any employees or officers and all employees and officers are directed to co-operate with any request made in this regard.

23.3 The Committee is authorised by the Board of Members to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if they consider this necessary.

23.4 The Committee may meet privately with the internal and external auditors at their absolute discretion.

23.5 The Head of Internal Audit, representatives of external audit and counter fraud specialists have a right of access to the Committee Chair.

24. Reporting Responsibilities

24.1 The Committee will report to the Board of Members on all matters within its duties and responsibilities.

24.2 The Committee may make recommendations to the Board of Members it considers appropriate on any area within its remit.

25. Delegated Authority

25.1 The Committee may agree to delegate its authority to a Committee member or members to make decisions on the Committee's behalf outside of a Committee meeting at its absolute discretion on a case by case basis.

26. Virtual Meetings and Decision Making

26.1 Committee meetings may be held in person or virtually.

26.2 There are circumstances where time-critical decisions need to be made and it is not possible and/or reasonably practicable and/or a good use of resources to hold a physical meeting (either in person or virtually) in sufficient time. In these circumstances decisions may be made virtually using the protocol for virtual decision making.

27. Sub-Committees

27.1 The Committee may appoint sub-committees to advise the Committee and assist it in carrying out its duties. The Committee may not delegate any of its functions, powers or decision making authority to a sub-committee.

28. Conflicts of Interest

28.1 Conflicts of Interest shall be dealt with in accordance with the Conflicts of Interest Policy and NHS England statutory guidance for managing conflicts of interest.

28.2 The Committee shall have a Conflicts of Interest Register that will be presented as a standing item on the Committee's agenda. In addition, an opportunity to declare any new or relevant declarations of interest will be listed as a standing item on the Committee's agenda

29. Gifts and Hospitality

29.1 Gifts and Hospitality shall be dealt with in accordance with the Conflicts of Interest Policy, and NHS England statutory guidance for managing conflicts of interest.

29.2 The Committee shall have a Gifts and Hospitality Register and Committee members will have an opportunity to declare any new or relevant declarations of relevant gifts and hospitality as a standing item on the Committee's agenda

30. Standards of Business Conduct

- 30.1 Committee members and any attendees or observers must maintain the highest standards of personal conduct and in this regard must comply with:
- 30.1.1 The law of England and Wales;
 - 30.1.2 The NHS Constitution;
 - 30.1.3 The Nolan Principles;
 - 30.1.4 The standards of behaviour set out in the ICB's Constitution;
 - 30.1.5 The Standards of Business Conduct Policy;
 - 30.1.6 The Conflicts of Interest Policy
 - 30.1.7 The Counter Fraud, Bribery and Corruption Policy,
 - 30.1.8 Any additional regulations or codes of practice relevant to the Committee.
- 30.2 The Committee will have access to sufficient resources to carry out its duties and Committee members will be provided with appropriate and timely training.

31. Review of Terms of Reference

- 31.1 These Terms of Reference will be reviewed from time to time, reflecting the experience of the Committee in fulfilling its functions and the wider experience of the ICB.
- 31.2 These Terms of Reference will be formally reviewed annually. These Terms of Reference may be varied or amended by the Board of Members.

Date Approved by the Board of Members: 4th July 2022.

Date of Next Review: 3rd July 2023.

Schedule 1
List of Members

The voting members of the Committee are:

Position	Name

Committee Chair:

Position	Name

The standing participants are:

Position	Name