

NHS West Yorkshire Integrated Care Board

Audit Committee

Terms of Reference

Version control

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Change history

Version number	Changes applied	By	Date
1.0		Approved by Board	01.07.22
1.1	Annual review	Laura Ellis, Director of Corporate Affairs	27.04.23
2.0		Approved by Board	16.05.23
2.1	Annual review	Laura Ellis, Director of Corporate Affairs	05.06.24
3.0	Annual review following end of year effectiveness self-assessment	Approved by Board	25.06.2024

1. Introduction

- 1.1 The Audit Committee ('the Committee') is established as a committee of the NHS West Yorkshire Integrated Care Board (ICB), in accordance with the ICB's Constitution, Standing Orders and Scheme of Reservation and Delegation.
- 1.2 These terms of reference, which must be published on the ICB website, set out the remit, responsibilities, membership and reporting arrangements of this Committee and may only be changed with the approval of the ICB Board ('the Board'). The Committee has no executive powers, other than those specifically delegated in these terms of reference.
- 1.3 The ICB is part of the West Yorkshire Integrated Care System, which has four core purposes:
- improving population health and healthcare;
 - tackling unequal outcomes and access;
 - enhancing productivity and value for money; and
 - helping the NHS to support broader social and economic development.
- 1.4 The ICS has identified a set of guiding principles that shape everything we do:
- We will be ambitious for the people we serve and the staff we employ.
 - The West Yorkshire partnership belongs to its citizens and to commissioners and providers, councils and NHS. We will build constructive relationships with communities, groups and organisations to tackle the wide range of issues which have an impact on health inequalities and people's health and wellbeing.
 - We will do the work once – duplication of systems, processes and work should be avoided as wasteful and potential source of conflict.
 - We will undertake shared analysis of problems and issues as the basis of taking action.
 - We will apply subsidiarity principles in all that we do – with work taking place at the appropriate level and as near to local as possible.
- 1.5 The ICS has committed to behave consistently as leaders and colleagues in ways which model and promote our shared values:
- We are leaders of our organisation, our place and of West Yorkshire.
 - We support each other and work collaboratively.
 - We act with honesty and integrity, and trust each other to do the same.
 - We challenge constructively when we need to.
 - We assume good intentions; and
 - We will implement our shared priorities and decisions, holding each other mutually accountable for delivery.

2. Purpose, role and responsibilities

- 2.1 The Committee will support the ICB in delivering its objectives and statutory functions by providing oversight and assurance to the Board on the adequacy of governance, risk management and internal control processes within the ICB.
- 2.2 The Committee is accountable to the Board and provides an independent and objective view of the ICB's compliance with its statutory responsibilities.
- 2.3 Its responsibilities are:

I. Integrated governance, risk management and internal control

- To report and provide assurance to the Board on the adequacy and effectiveness of the system of integrated governance, risk management and internal control across the whole of the ICB's activities that support the achievement of its objectives.
- To review all risk and control related disclosure statements. in particular the Annual Governance Statement.
- To review the adequacy and effectiveness of the underlying assurance processes that indicate the degree of achievement of the ICB's objectives and the effectiveness of the management of principal risks.
- To ensure that financial systems and governance are established which facilitate compliance with Department of Health and Social Care's Group Accounting Manual.
- To ensure that the ICB acts consistently with the principles and guidance established in HM Treasury's Managing Public Money.
- To seek reports and assurance from directors and managers as appropriate, concentrating on the systems of integrated governance, risk management and internal control, together with indicators of their effectiveness. These reports will include, but will not be limited to:
 - Procurement Decisions
 - Tender waivers
- To review all of the following and seek assurance that appropriate processes have been adhered to:

- ex-gratia payments;
 - losses and special payments;
 - write off of debts; and
 - tender waivers of a value over £615,278 (healthcare services) or £181,302 (non-healthcare goods and services).
- To identify opportunities to improve governance, risk management and internal control processes across the ICB.

II. Internal audit

- To ensure that there is an effective internal audit function that meets the Public Sector Internal Audit Standards and provides appropriate independent assurance to the Board. This will be achieved by:
 - Considering the provision of the internal audit service and the costs involved;
 - Approving the appointment (and where necessary change or removal) of the internal audit provider;
 - Reviewing and approving the 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;
 - Considering the major findings of internal audit work, including the Head of Internal Audit Opinion, (and management's response), and ensure coordination between the internal and external auditors to optimise the use of audit resources;
 - Ensuring that the internal audit function is adequately resourced and has appropriate standing within the organisation; and
 - Monitoring the effectiveness of internal audit and carrying out an annual review.

III. External audit

- To review and monitor the external auditor's 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:
 - Considering the performance of the external auditors, and acting as the Auditor Panel to advise on the appointment of external auditors;

- Reviewing and approving the annual external audit plan
- Discussing and approving with the external auditors, before the audit commences, the nature and scope of the audit as set out in the annual plan;
Discussing with the external auditors their evaluation of audit risks and assessment of the organisation and the impact on the audit fee;
- Reviewing all external audit reports, including to those charged with governance (before its submission to the Board) and any work undertaken outside the annual audit plan, together with the appropriateness of management responses.

IV. Other assurance functions

- To approve the timetable for the preparation and approval of the ICB's annual report and annual accounts.
- To review the findings of assurance functions and to consider the implications for the governance of the ICB.
- To review the work of other committees in the ICB, whose work can provide relevant assurance to the Committee's own areas of responsibility.
- To review the findings of external bodies and consider the implications for governance of the ICB. These will include, but will not be limited to:
 - Reviews and reports issued by arm's length bodies or regulators and inspectors (e.g. National Audit Office, Select Committees, NHS Resolution, CQC); and
 - Reviews and reports issued by professional bodies with responsibility for the performance of staff or functions (e.g. Royal Colleges and accreditation bodies).

V. Counter fraud

- To assure itself that the ICB has adequate arrangements in place for counter fraud, bribery and corruption (including cyber security) that meet NHS Counter Fraud Authority's (NHSCFA) standards and shall review the outcomes of work in these areas.
- To review, approve and monitor counter fraud plans, receiving regular updates on counter fraud activity, monitor the implementation of action

plans, provide direct access and liaison with those responsible for counter fraud, review annual reports on counter fraud, and discuss NHSCFA quality assessment reports.

- To ensure that the counter fraud service provides appropriate progress reports and that these are scrutinised and challenged where appropriate.
- To be responsible for ensuring that the counter fraud service submits an Annual Report and Self-Review Assessment, outlining key work undertaken during each financial year to meet the NHS Standards for Commissioners; Fraud, Bribery and Corruption.
- To report concerns of suspected fraud, bribery and corruption to the NHSCFA.

VI. Freedom to Speak Up

- To review the adequacy and security of the ICB's arrangements for its employees, contractors and external parties to raise concerns, in confidence, in relation to financial, clinical management, or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

VII. Information Governance (IG)

- To receive regular updates on IG compliance (including uptake & completion of data security & awareness training), data breaches and any related issues and risks.
- To review the annual Senior Information Risk Owner (SIRO) report, the submission for the Data Security & Protection Toolkit and relevant reports and action plans.
- To receive reports on audits to assess information and IT security arrangements, including the annual Data Security & Protection Toolkit audit.
- To provide assurance to the Board that there is an effective framework in place for the management of risks associated with information governance.

VIII. Financial reporting

- To review the annual report and financial statements (including accounting policies) before submission to the Board focusing particularly on:
 - The wording in the Annual Governance Statement and other disclosures relevant to the Terms of Reference of the Committee;
 - The Head of Internal Audit opinion;
 - The external auditors' report;
 - Changes in accounting policies, practices and estimation techniques;
 - Unadjusted mis-statements in the Financial Statements;
 - Significant judgements and estimates made in preparing of the Financial Statements;
 - Significant adjustments resulting from the audit;
 - Letter of representation; and
 - Qualitative aspects of financial reporting.

IX. Conflicts of Interest

- The Chair of the Committee will be the nominated Conflicts of Interest Guardian.
- The Committee shall satisfy itself that the ICB's policy, systems and processes for the management of conflicts and Standards of Business Conduct (including gifts and hospitality and bribery) are effective, including receiving reports relating to non-compliance with the ICB policy and procedures relating to conflicts of interest, including registers of interest, gifts and hospitality.

X. Management

- To request and review reports and assurances from directors and managers on the overall arrangements for governance, risk management and internal control.
- The Committee may also request specific reports from individual functions within the ICB as they may be appropriate to the overall arrangements.

- To receive reports of breaches of policy and normal procedure or proceedings, including such as suspensions of the ICB's Standing Orders, in order provide assurance in relation to the appropriateness of decisions and to derive future learning.

3. Membership and attendance

3.1 The membership will comprise:

- **Chair** – Non-Executive Member appointed on account of their specific qualifications, expertise or experience making them suitable to chair the Committee.
- The Chair of the Committee shall be independent and therefore may not chair any other committees. In so far as it is possible, they will not be a member of any other committee.
- Two Non-Executive Members of the ICB, one of whom the members will appoint as Vice Chair.
- A member or members co-opted by the Audit Committee on account of their qualifications, expertise or experience on finance and audit matters.

3.2 Required attendees:

- ICB Director of Finance or their nominated deputy;
- ICB Director of Corporate Affairs or their nominated deputy
- ICB Senior Information Risk Owner or their nominated deputy
- ICB Head of Corporate Governance or their nominated deputy
- Representatives of both internal and external audit;
- Individuals who lead on risk management and counter fraud matters;

3.3 The Chair may ask any or all of those who normally attend, but who are not members, to withdraw to facilitate open and frank discussion of particular matters. At least once a year or as required, the Committee will meet privately with the external and internal auditors.

3.4 ICB officers may request or be requested to attend the meeting when matters concerning their responsibilities are to be discussed or they are presenting a paper. Other individuals may be invited to attend all or part of any meeting as and when appropriate to assist it with its discussions on any particular matter including representatives from the Health and Wellbeing Boards, Secondary and Community Providers.

3.5 Any member of the Board can be in attendance subject to agreement with the Chair.

- 3.6 The Chief Executive will be invited to attend meetings and discuss at least annually with the Committee, the process for assurance that supports the governance statement. S/he should also attend when the Committee considers the draft annual governance statement and the annual report and accounts.
- 3.7 The Chair of the ICB will be invited to attend at least one meeting each year in order to gain an understanding of the Committee's operations.
- 3.8 Regardless of attendance, External Audit, Internal Audit, Local Counter Fraud and Security Management providers will have full and unrestricted rights of access to the Audit Committee.

4. Arrangements for the conduct of business

Chairing meetings

- 4.1 The meetings will be run by the chair. In the event of the chair of the committee being unable to attend all or part of the meeting, the Vice Chair shall chair the meeting.

Quoracy

- 4.2 No business shall be transacted unless at least 2 Independent Non-Executive Members are present.
- 4.3 For the sake of clarity:
- a) No person can act in more than one capacity when determining the quorum.
 - b) An individual who has been disqualified from participating in a discussion on any matter and/or from voting on any motion by reason of a declaration of a conflict of interest, shall no longer count towards the quorum.
- 4.4 Members of the Committee may participate in meetings by telephone, video or by other electronic means where they are available and with the prior agreement of the Chair. Participation by any of these means shall be deemed to constitute presence in person at the meeting unless there are technical difficulties impacting their ability to hear or participate. Members are expected to attend at least 75% of meetings during the year

Voting

- 4.5 In line with the ICB's Standing Orders, it is expected that decisions will be reached by consensus. Should this not be possible, each voting member of the Committee will have one vote, the process for which is set out below:
- a. All members of the committee who are present at the meeting will be eligible to cast one vote each. (For the sake of clarity, members of the committee are set out at paragraph 3.1; attendees and observers do not have voting rights.)
 - b. Absent members may not vote by proxy. Absence is defined as not being present at the time of the vote but this does not preclude anyone attending by teleconference or other virtual mechanism from exercising their right to vote if eligible to do so.
 - c. A resolution will be passed if more votes are cast for the resolution than against it.
 - d. If an equal number of votes are cast for and against a resolution, then the Chair (or in their absence, the person presiding over the meeting) will have a second and casting vote.
 - e. Should a vote be taken, the outcome of the vote, and any dissenting views, must be recorded in the minutes of the meeting.

Frequency of meetings

- 4.6 The Committee will normally meet five times across the year in private – this will include quarterly meetings and an additional meeting to consider the Annual Report and Accounts for recommendation to the Board. The Chair may call an additional meeting at any time by giving not less than 14 calendar days' notice in writing to members of the Committee.
- 4.7 One third of the members of the Committee may request the Chair to convene a meeting by notice in writing, specifying the matters which they wish to be considered at the meeting. If the Chair refuses, or fails, to call a meeting within seven calendar days of such a request being presented, the Committee members signing the requisition may call a meeting by giving not less than 14 calendar days' notice in writing to all members of the Committee specifying the matters to be considered at the meeting.

- 4.8 In emergency situations the Chair may call a meeting with two days' notice by setting out the reason for the urgency and the decision to be taken.

Urgent decisions

- 4.9 In the case of urgent decisions and extraordinary circumstances, every attempt will be made for the Committee to meet virtually. Where this is not possible the following will apply:
- a) The powers which are delegated to the Committee, may for an urgent decision be exercised by the Chair of the Committee and the lead Executive Director.
 - b) The exercise of such powers shall be reported to the next formal meeting of the Committee for formal ratification, where the Chair will explain the reason for the action taken.

Declarations of interest

- 4.10 If any member has an interest, financial or otherwise, in any matter and is present at the meeting at which the matter is under discussion, he/she will declare that interest as early as possible and act in accordance with the ICB's Conflicts of Interests Policy. Subject to any previously agreed arrangements for managing a conflict of interest, the Chair of the meeting will determine how a conflict of interest should be managed. The Chair of the meeting may require the individual to withdraw from the meeting or part of it. The individual must comply with these arrangements, which must be recorded in the minutes of the meeting.

Support to the Committee

- 4.11 The Committee's lead Director is the ICB Director of Finance/Deputy Chief Executive. The Committee's lead manager is the Director of Corporate Affairs. Administrative support will be provided to the Committee by officers of the ICB. This will include:
- Agreement of the agenda with the Chair in consultation with the Lead Director, taking minutes of the meetings, keeping an accurate record of attendance, key points of the discussion, matters arising and issues to be carried forward.
 - The maintenance of an on-going list of actions, specifying members responsible, due dates and keeping track of these actions.

- The circulation of agendas and supporting papers to members one week before the meeting.
- The drafting of minutes for-quality checking by the relevant lead officer within ten working days of the meeting, before sending to the relevant Lead Director and Chair for review within a further five working days. The draft minutes will be distributed to all members and attendees of the meeting, following review by the Chair, within one calendar month of the meeting.
- The updating and maintenance of an annual work plan on a quarterly basis.

5. Authority

- 5.1 The Committee is authorised to investigate any activity within its terms of reference. It is authorised to seek any information it requires within its remit, from any employee of the ICB and they are directed to co-operate with any such request made by the Committee.
- 5.2 The Committee is authorised to commission any reports or surveys it deems necessary to help it fulfil its obligations.
- 5.3 The Committee is authorised to obtain legal or other independent professional advice and secure the attendance of advisors with relevant expertise if it considers this is necessary. In doing, so, the Committee must follow procedures put in place by the ICB for obtaining legal or professional advice.
- 5.4 The Committee is authorised to create sub-committees or working groups as are necessary to fulfil its responsibilities within its terms of reference and shall approve the terms of reference of any such group. The Committee may not delegate executive powers delegated to it within these terms of reference (unless expressly authorised by the Board) and remains accountable for the work of any such group.

6. Reporting

- 6.1 The Committee shall submit its minutes to each formal Board meeting.
- 6.2 The Chair shall draw to the attention of the Board any significant issues or risks relevant to the ICB through the AAA report.
- 6.3 The Committee's minutes will be published on the ICB website once ratified.

- 6.4 The Committee shall submit an annual report to the Board.
- 6.5 The Committee will receive for information the minutes of other meetings which are captured in the Committee work plan (e.g. sub-committees).

7. Conduct of the committee

- 7.1 All members will have due regard to and operate within the Constitution of the ICB, Standing Orders, standing financial instructions and other financial procedures.
- 7.2 Members must demonstrably consider the equality and diversity implications of decisions they make and consider whether any new resource allocation achieves positive change around inclusion, equality and diversity.
- 7.3 Members of the Committee will abide by the 'Principles of Public Life' (The Nolan Principles) and the NHS Code of Conduct.
- 7.4 The Committee shall agree an Annual Work Plan with the Board.
- 7.5 The Committee shall undertake an annual self-assessment of its own performance against the annual plan, membership and terms of reference. This self-assessment shall form the basis of the annual report from the Committee.
- 7.6 Any resulting changes to the terms of reference shall be submitted for approval by the Board.