NHS
Bath and North East Somerset, Swindon and Wiltshire
Integrated Care Board

Bath and North East Somerset, Swindon and Wiltshire Integrated Care Board (BSW ICB):

Audit and Risk Committee
– Terms of Reference (ToR)

Table of Contents

1. Establishment

The Audit and Risk Committee is a committee, established by the Integrated Care Board (ICB), in accordance with its Scheme of Reservation and Delegation (SoRD) and Constitution.

1.1 Terms of Reference:

Definition of terms: The Terms of Reference for the Committee are defined by the ICB.

Amendment: The terms of reference may be amended in accordance with the provisions in the Constitution and the SoRD.

Publication: The terms of reference are published in the Governance Handbook, which is accessible on the ICB website.

1.2 Purpose

The purpose of the committee is to provide assurance to the board on governance, risk management and internal control processes.

2. Roles and responsibilities

This section describes the Committee's duties, authority, accountability and reporting.

2.1 Duties

The Committee's duty is to assure the board on:

- Integrated Governance and Systems Risk

- Internal Audit

- External Audit

- Other Assurance Functions

- Counter Fraud

- Financial Reporting

- Freedom to Speak Up

- Information Governance

- Conflicts of Interest

- Management and Communication

Providing assurance involves:

- **Scrutinising** the robustness of processes, e.g. quality planning, internal controls, continuous improvement processes, etc.

- Triangulating multiple **sources** of internal and external information, including:
  - Data analysis and contract performance intelligence
  - Patients', service users' and carers' reports, surveys, complaints, and concerns
  - Evidence from key system leaders
  - Other intelligence agreed to be important and reliable

- **Remedial action:** Where assurance cannot be provided in part or in full, to provide the Board with details of remedial actions being taken and or being recommended.

- Considering **efficacy and efficiency:** Things are not only in place but the right things are being done in the right way to achieve the right objectives, which support the ICS aims.

The committee and its members are bound to uphold standards in public life, in accordance with the Nolan principles.

2.1.1 Integrated Governance and Systems Risk

The Committee seeks assurance that the following are in place and effective in meeting the ICB's aims:

- **Integrated governance**: Receives assurance that the Integrated governance system, risk management and internal controls are present and effective across the whole of the ICB's activities as evidenced by key indicators.

- **Assurance processes:** Reviews the adequacy and effectiveness of the assurance processes that indicate the degree of achievement of the ICB's objectives, and the management of principal risks are assured by sound processes.

- **Risk management:** Receives assurance that the system risks that relate to the achievement of the ICB's objectives are managed well.

- **Financial management:** Receives assurance that the financial systems and governance in place are consistently compliant with:

  – Department of Health and Social Security Group Accounting Manual: Including scope, management, patient and public involvement and continuous improvement
  – Principles and guidance established in His Majesty's Treasury's Managing Public Money

- **Improvement:** Receives assurance that the opportunities to improve governance, risk management and internal control processes are identified and taken up across the ICB.

2.1.2 Internal Audit

The Committee seeks assurance that the internal audit function is effective and meets the Public Sector Internal Audit Standards.

- **Strategy and Plan:** Reviews the internal audit strategy, internal audit plan, and detailed programme of work and receives assurance that it meets the audit needs of the organisation.

- **Major Audit Findings:** Reviews the major findings of internal audit work, including the Head of Internal Audit Opinion, and management's response and receives assurance on the completion and implementation of internal audit recommendations.

- **Resources**

  – Receives assurance that the audit resources are optimised through coordination between the internal and external auditors.
  – Receives assurance that the internal audit function is adequately resourced and has the necessary standing within the organisation.

2.1.3 External Audit

Seeks assurance on the external auditor and the external audit process.

Service quality process assurance	
Appointment & Performance	• The appointment and performance of the external auditors is monitored and reviewed, including the cost of the audit and any issues of resignation and dismissal.

	• Arranging appropriate internal and external audit for the ICB, undertaking the procurement of audit contracts through the establishment of an auditor panel, and then advising the ICB Board on the contract awards. For that purpose, the Committee may serve as the auditor panel. • A market testing exercise for the appointment of an auditor is conducted at least once every five years. • A recommendation is made to the Board with respect to the appointment of the auditor. – A policy on the engagement of the external auditor to supply non-audit services is developed
Scope	• The nature and scope of the audit as required by the annual plan is agreed with the external auditors prior to the audit • The impact on the audit fee of the scope of local evaluation of audit risks and governance is discussed with the external auditors
Report	• External audit reports, including those on governance, any audit work taken outside the annual audit plan and management responses are reviewed prior to their submission to the Board

2.1.4   Other Assurance Functions

Reviews and considers the following sources of assurance:

- The work of ICB assurance functions

- Other ICB committees' work where they provide relevant assurance to the Committee's areas of responsibility

- Findings of external bodies, including:

    – Reviews and reports by arm's length bodies or regulators and inspectors: e.g., National Audit Office, Select Committees, NHS Resolution, CQC
    – Reviews and reports by professional bodies with responsibility for the performance of staff or functions (e.g., Royal Colleges and accreditation bodies)

- Findings by third-party organisations commissioned to support delivery of its functions. quality and performance

2.1.5   Counter Fraud

Seeks assurance on the arrangements for countering fraud, bribery and corruption (including cyber security):

- Counter fraud work plans are reviewed and approved

- Implementation of action plans is monitored

- Updates on counter fraud activity reports on progress are received regularly and scrutinised

- The Committee has direct access and liaison with those responsible for counter fraud

- NHS Counter Fraud Authority (NHSCFA) quality assessment reports are discussed

- To report concerns of suspected fraud, bribery and corruption to the NHSCFA

- An Annual Report and a Self-Review Assessment outlining the key work undertaken to meet the relevant NHS Standards is submitted

2.1.6 Financial Reporting

Seeks assurance on the financial reporting arrangements of the ICB:

- The financial statements of the ICB and any formal announcements relating to its financial performance are monitored and their integrity assured

- Systems for financial reporting to the Board, including those of budgetary control, are reviewed for completeness and accuracy

- The annual report and financial statements (including accounting policies) are reviewed before submission to the Board with particular focus on:
  - Wording in the Governance Statement and other disclosures relevant to the Terms of Reference of the Committee
  - Changes in accounting policies, practices, and estimation techniques
  - Unadjusted misstatements in the Financial Statements
  - Significant judgements and estimates made in preparing of the Financial Statements
  - Significant adjustments resulting from the audit
  - Letter of representation
  - Qualitative aspects of financial reporting

2.1.7 Information Governance

Seeks assurance on information governance (IG) within the ICB:

- **Timeliness of** data: Updates on IG compliance (including uptake & completion of data security training), data breaches and related issues and risks are regularly received.

- Reports: The following are received and reviewed
  - Annual Senior Information Risk Owner (SIRO) report
  - Submission for the Data Security & Protection Toolkit
  - Reports on audits to assess information and IT security arrangements.

- **Framework:** An effective framework for managing the risks associated with information governance is in place.

2.1.8 Conflicts of Interest

Seeks assurance on the effectiveness of the ICB's policy, systems, and processes for managing conflicts of interest, (including gifts and hospitality and bribery).

- **Reports:** Reports relating to non-compliance with the relevant ICB policy and procedures are received and reviewed.

- **Representation:** There is a nominated Conflicts of Interest Guardian, who could be the Chair of the Audit and Risk Committee or another Board member.

2.1.9 Management and Communication

Seeks assurance on the quality of decision-making and management and communications.

- **Management:** The following reports are requested and reviewed
  - Assurances and reports from directors and managers on integrated governance, risk management and internal control
  - Specific reports from individual ICB functions
  - Reports of breaches of policy and normal procedure, such as suspensions of the ICB's standing orders

- **Communication:**
  - Communications on governance, risk management and internal control with stakeholders internally and externally are co-ordinated and managed.

    — Ways of communicating the relationship between ICS bodies are developed jointly with other committees and the Integrated Care Partnership.

2.2 Authority

The committee is authorised to:	
Investigate	Investigate any activity within its terms of reference.
Seek information	Seek any information it requires within its remit, from any employee or member of the Board.
Investigate	Commission reports required to help fulfil its obligations.
Obtain advice	Obtain independent professional advice and secure the attendance of advisors with relevant expertise to fulfil its functions. In doing so, the Committee must follow any procedures put in place by the ICB for obtaining professional advice.
Create sub-committees	Create, with agreement of the ICB, task and finish sub-groups for specific programmes of work.
	Determine the terms of reference of task and finish sub-groups, in accordance with the Boards constitution, Standing Orders and SoRD – but no decisions may be delegated to these groups.

2.2.1 Delegation in the Scheme of Reservation & Delegation (SoRD)

The ICB has delegated the following to the Audit and Risk Committee as set out ICB Constitution, which may be amended in accordance with the Constitution and the SoRD.

Decisions Delegated by the Scheme of Reservation & Delegation (SoRD)
• Review and recommend for approval the ICB's counter fraud and security management arrangements.
• Review and recommend for approval the ICB's risk management arrangements.
• Recommend proposals for action on litigation against or on behalf of the ICB.
• Approve all internal audit services provided under arrangements proposed by the Chief Finance Officer.
• Review and approve the annual internal audit plan and more detailed programme of work.
• Approve the annual external audit plan (following agreement with the external auditors, before the audit commences, the nature and scope of the audit as set out in the annual audit plan.
• Recommend the appointment, re-appointment and removal of external auditors.
Recommend the level of renumeration and terms of engagement for external auditors.
• Assess annually the independence and objectivity of the external auditor.

Decisions Delegated by the Scheme of Reservation & Delegation (SoRD)

- Approve a policy for the engagement of external auditors to supply non-audit services, and advise the ICB Board and Chief Executive on the contents of such a policy.

- Scrutinise and recommend for approval an annual report in accordance with NHSE guidance.

- Losses and special payments - Approve a transaction exceeding the delegated authority, or if transactions will set a precedent, are novel, contentious or could cause repercussions elsewhere in the public sector.

- Recommend the following for approval to the Board:

  – Standards of Business Conduct Policy

  – ICB Freedom to Speak Up policy

  – ICB policies and procedures relating to counter-fraud and anti-corruption activities

  – ICB policies and procedures relating to standards of business conduct, including the management of conflicts of interests

2.3 Accountability and reporting

The Committee is accountable to the Board and reports to the Board on how it discharges its responsibilities.

Accountabilities	Description
Draft minutes and reports	• The Committee receives scheduled assurance reports from officers • The Secretary formally records the minutes of each meeting. • The Chair of the Committee reports to the Board (public session) after each meeting and provides a report on assurances received and decisions taken, escalating any concerns, where necessary.
Monitor attendance	• Attendance is monitored and profiled as part of the agenda at each Committee meeting. • Members should aim to attend 100% of meetings and must attend at least 75% of meetings, and read all papers, beforehand.
Draft annual work plans	• The Committee produces an annual work plan in consultation with the Board.
Conduct annual self-assessment	• The Committee undertakes an annual self-assessment of its performance against the annual plan and terms of reference. • Any resulting proposed changes to the terms of reference are submitted for approval by the Board. • The Committee utilises a continuous improvement approach in its delegation.

Accountabilities	Description
	• Members review the effectiveness of the meeting at each sitting
Annual Report	• The Committee provides the Board with an Annual Report, timed to support finalisation of the accounts and the Governance Statement.
	• The report includes a summary of business conducted, specifically commenting on:
	– The fitness for purpose of the assurance framework
	– The completeness and embeddedness of risk management
	– The integration of governance arrangements
	– The appropriateness of the evidence that shows the ICB is fulfilling its regulatory requirements
	– The robustness of the processes behind the quality accounts
	– Frequency of meetings, membership attendance, and quoracy
	– The committee's self-assessment

3. Committee meetings

This section sets out meeting:

- Composition and quoracy
- Frequency and formats
- Procedures

3.1 Composition and quoracy

This section sets out the meeting composition and quoracy requirements.

	Description of expectation
Chair	An independent non-executive member of the Board appointed for their specific knowledge skills and experience and suitability.
	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.
Deputy Chair	Committee members may appoint a Vice Chair from amongst the members.
Absence of Chair or Vice Chair	In the absence of the Chair, or Vice Chair, the remaining members present elects one of their number to Chair the meeting.
Membership	Members:

Description of expectation
- Dr Claire Feehily (Audit Chair)   - Suzannah Power (Non-Executive Director for Remuneration and People)   - Julian Kirby (Non-Executive Director for Public and Community Engagement)   - Douglas Blair (Community Provider Partner Member)   - Susie Kemp (Local Authority Partner Member Swindon)   **EDI:** When determining the membership of the Committee, consideration will be given to diversity, equality and inclusion.

Attendees and procedure for absence	Only members of the Committee have the right to attend meetings. The chair may invite individuals to attend on relevant topics. Attendees will include, but are not limited to, the ICB Chief Finance Officer, ICB Chief Nurse, ICB Executive Director of Planning and Performance, internal auditors and external auditors. The Chair and Chief Executive of the ICB may attend any meeting to contribute and gain an understanding of the Committee's operations. **Procedure for absence:** Where a member or any attendee of the Committee (who is not a member of the Committee) is unable to attend a meeting, a suitable alternative may be agreed with the Chair. 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
Quoracy and Procedure for Inquoracy	**Threshold:** A minimum of two Non-Executive Members. **Absence:** Where ICB executive and partner members are unable to attend, they should ensure that a named and briefed deputy able to participate on their behalf attends in their place. **Disqualification:** If any member of the Committee is disqualified from participating in an item on the agenda, due to a declared conflict of interest, that individual no longer counts towards the quorum. **Inquoracy**: If the meeting becomes inquorate, and if members agree, the meeting may continue but cannot take decisions. Any decisions in principle must be ratified at the next meeting of the Committee.

3.2 Frequency and formats

This section on Committee meetings describes the meeting frequency and formats.

	Description of rules
Meeting frequency	The Committee will meet at least four times a year.
	Additional meetings may be convened on an exceptional basis at the discretion of the Committee Chair.
	The Board, Chair or Chief Executive may ask the Committee to convene further meetings to discuss particular issues on which they want the Committee's advice.
Open vs closed	Where this is warranted by the nature of the business arising, the agenda is divided into two parts. Part 1 is open to the whole committee, including invited attendees. Part 2 is a closed session for members only to discuss confidential information.
	External Audit, Internal Audit, Local Counter Fraud and Security Management providers will have full and unrestricted rights of access to the Audit Committee.
Virtual meetings and extra-ordinary meetings	A meeting is constituted when members attend face-to-face, via telephone or video conferencing, any other electronic means, or through a combination of the above. Quoracy rules apply in any case. For the avoidance of doubt, this provision applies to and facilitates the Committee's decision making by email, should this be required to expedite an urgent decision.

3.3 Procedures

Procedure	Description of rules and expectations:
Agenda	The Chair is responsible for agreeing the agenda and ensuring matters discussed meet the objectives as set out in these ToR.
	Members are expected to identify agenda items for consideration to the Chair and any meeting papers using the prescribed format at least 14 calendar days before the meeting.
Decision-making	**Decisions:** Decisions are taken in according with the Standing Orders and are normally arrived at by consensus. When this is not possible the Chair may call a vote.
	Virtual voting: If a decision cannot wait for the next scheduled meeting and an extraordinary meeting is not appropriate or possible, the Chair may conduct business on a 'virtual' basis through the use of telephone, email, or other electronic communication.
Voting	**Eligibility:** Only members of the Committee may vote. Each member is allowed one vote and a majority is conclusive on any matter.
	Casting Vote: The chair may have a casting vote, if members are equally divided on an issue.

Procedure	Description of rules and expectations:
	Recording of votes: The result of the vote will be recorded in the minutes.
Conflicts of interest	**Declarations:** All members, ex-officio members and those in attendance must declare any actual or potential conflicts of interest. This is recorded in the minutes.
	Exclusions: The Committee will follow and apply the ICB's Standards of Business Conduct with regards to the management of conflicts of interest. This means that the Chair will consider the exclusion of members and / or attendees from discussion and / or decision-making if individuals have a relevant material or perceived interest in a matter under consideration.
Conduct	The Committee conducts its business in accordance with relevant codes of conduct / good governance practice, including the Nolan principles of public life, the ICB Standards of Business Conduct Policies, and other relevant policies / guidance on good and proper meeting conduct for NHS organisations

4. Secretariat and administration

This section describes the functions of the secretariat whose role is to support the Committee in the following ways:

Functions	Description
Distribute papers	Prepare and distribute the agenda and papers in accordance with the Standing Orders following their agreement by the Chair with the support of the relevant executive lead.
Monitor attendance	Monitor the attendance of those invited to each meeting and highlight to the Chair those that are not meeting the minimum attendance requirements.
Maintain records	Record conflicts of interest, members' appointments and renewal dates. Provide prompts to renew membership and to identify new members where necessary. Applies and implements records management per the ICB's policies.
Minute Taking	Take good quality minutes and agree them with the Chair. Keep a record of matters arising, action points and issues to be carried forward.
Support for Chair & Committee	Support the Chair in preparing and delivering reports to the Board.
	Take forward action points between meetings and monitor progress against those actions.
Provide updates	Update the Committee on pertinent issues/ areas of interest/ policy developments.
Governance advice	Provide easy access to governance advice for committee members

Appendix I: Revision History

Version	Date	Approved by	Review	Type of changes
V1.0	1 July 2022	Board of ICB	Annually	Creation of ToR
V2.0	1 November 2022	Board of ICB	Interim	Review and revision of ToR

Review date: July 2023

Contact: bswicb.governance@nhs.net

Document control

The controlled copy of this document is maintained by BSW ICB. Any copies of this document held outside of that area, in whatever format (e.g., paper, email attachment), are considered to have passed out of control and should be checked for currency and validity.