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

Audit Committee – Terms of Reference (ToR)

Contents

1. Introduction 1
2. Responsibilities and duties 1
3. Authority 6
4. Accountability and Reporting 7
5. Membership 7
6. Quorum 8
7. Meeting frequency and conduct 9
8. Decision making 10
9. Equality, Diversity and Inclusion 10
10. Secretariat and administration 10
11. Review 11

Appendix 1: Revision History 12

Appendix 2: Members and attendees 12

1. Introduction

1.1. The Audit Committee (the Committee) is established by the Integrated Care Board as a non-executive committee of the Board in accordance with the ICB's Constitution.

1.2. The Committee may not be joint with another Audit Committee. However it can meet with other Audit Committees in common.

1.3. These Terms of Reference

- set out the membership, remit, responsibilities and reporting arrangements of the Committee
- are defined and agreed, and may be amended by, the ICB Board in accordance with the ICB's Constitution and Scheme of Reservations and Delegations (SoRD)
- are published on the ICB's websites, as part of the ICB's Governance Handbook.

2. Responsibilities and duties

2.1. The purpose of the Audit Committee is to contribute to the overall delivery of the ICB objectives by providing oversight and assurance to the Board on the adequacy of governance, risk management and internal control processes within the ICB including:

- Financial governance
- Corporate governance
- Risk management
- Internal and external audit.

The duties of the Committee will be driven by the organisation's objectives and the associated risks.

The committee will seek assurances regarding the ICB's arrangements to identify and manage operational risks, and risks to the achievement of the ICB's strategic objectives.

The committee is responsible for the oversight of the delivery of internal and external audit programmes. An annual programme of business for internal audit and counter fraud will be agreed before the start of the financial year; however this will be flexible to new and emerging priorities and risks.

The Committee will assure the Board on the appropriateness and effectiveness of the external audit, internal audit and counter fraud services, their respective fees, findings and co-ordination between audit providers.

The Committee will act as Audit Panel to oversee the procurement for future external, internal and counter fraud service provision.

The Committee has no executive powers, other than those delegated in the SoRD and specified in these ToR.

2.2. The Committee's responsibilities and duties are as follows:

Integrated governance, risk management, and internal control

2.2.1. Review 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, and to highlight any areas of weakness to the Board.

2.2.2. Ensure that financial systems and governance are established which facilitate compliance with The Department of Health and Social Care's (DHSC) Group Accounting Manual.

2.2.3. Review the adequacy and effectiveness of the assurance processes that indicate the degree of achievement of the ICB's objectives, the effectiveness of the management of principal risks. Review the ICB's risk management framework and policies, and recommend these to the Board for approval.

2.2.4. Have oversight of system risks where they relate to the achievement of the ICB's objectives.

2.2.5. Ensure that the ICB acts consistently with the principles and guidance established in His Majesty's Treasury (HMT) Managing Public Money.

2.2.6. 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.

2.2.7. Identify opportunities to improve governance, risk management and internal control processes across the ICB and recommend to the ICB Board for approval the ICB's

- risk management arrangements including relevant policies
- counter fraud and security management arrangements including relevant policies
- Standards of Business Conduct.

Internal audit

2.2.8. 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:

a. considering the provision of the internal audit service and the costs involved, appointing the Head of Internal Audit, and considering any questions of resignation by or dismissal of the Head of Internal Audit.
b. 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.

c. 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.
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.

External audit

2.2.9. 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:

a. act as the audit panel and conduct the tender process for external audit provision; make recommendations to the board about the appointment, reappointment and removal of the external auditor, and the remuneration and terms of engagement of the external auditor;
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 on the audit fee;
d. 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;
e. Approving the annual external audit plan and ensure that it is consistent with the scope of the audit engagement;
f. 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.

2.2.10. The committee will, at least annually, separately meet the external and internal auditors, without management, to discuss matters relating to its remit and any issues arising from the audits.

Other assurance functions

2.2.11. Review the findings of assurance functions in the ICB, and to consider the implications for the governance of the ICB.

2.2.12. Review the work of other committees in the ICB, whose work can provide relevant assurance to the Audit Committee's own areas of responsibility.

2.2.13. Review the assurance processes in place in relation to financial performance across the ICB including the completeness and accuracy of information provided.

2.2.14. To keep under review the adequacy and effectiveness of the ICB's policy framework and corporate registers for ensuring compliance with relevant regulatory, legal and code of conduct requirements.

2.2.15. Review the findings of external bodies and consider the implications for governance of the ICB. These will include, but will not be limited to:

a. reports on and recommendation to any providers who supply financial services to the ICB (including NHS Shared Business Service, NHS Business Services Authority, NHS South, Central and West Commissioning Support Unit, NHS Digital and Capital Primary Care Support England)

b. reviews and reports issued by arm's length bodies or regulators and inspectors, e.g. National Audit Office, Select Committees, NHS Resolution, CQC

c. reviews and reports issued by professional bodies with responsibility for the performance of staff or functions (e.g. Royal Colleges and accreditation bodies).

Counter fraud

2.2.16. Assure itself that the ICB has in place adequate arrangements to prevent, identify and respond to fraud, bribery and corruption (including cyber security), that these arrangements contribute to the minimisation of the risk of financial losses, and that these arrangements meet the NHS requirements of the Government Functional Standard GovS 013:Counter fraud . Review the outcomes of work in these areas.

2.2.17. Review, approve and monitor counter fraud work 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.

2.2.18. Ensure that the counter fraud service provides appropriate progress reports and that these are scrutinised and challenged where appropriate.

2.2.19. Be responsible for ensuring that the counter fraud service submits an Annual Report and the Counter Fraud Functional Standard Return (CFFSR) Self-Review Assessment, outlining key work undertaken during each financial year to meet the NHS requirements of the Government Functional Standard GovS 013:Counter fraud – management of counter fraud, bribery and corruption activity.

2.2.20. Report concerns of suspected fraud, bribery and corruption to the NHS Counter Fraud Authority.

Information Governance (IG)

2.2.21. Receive regular updates on IG compliance (including uptake & completion of data security training), data breaches and any related issues and risks.

2.2.22. Review the annual Senior Information Risk Owner (SIRO) report, the submission for the Data Security & Protection Toolkit and relevant reports and action plans.

2.2.23. Receive reports on audits to assess information and IT security arrangements, including the annual Data Security & Protection Toolkit audit.

2.2.24. Provide assurance to the Board that there is an effective framework in place for the management of risks associated with information governance.

Financial reporting

2.2.25. Monitor the integrity of the financial statements of the ICB and any formal announcements relating to its financial performance.

2.2.26. Ensure that the systems for financial reporting to the Board, including those of budgetary control, are subject to review as to the completeness and accuracy of the information provided and are consistent with the principles and guidance established in HM Treasury's Managing Public Money.

2.2.27. To receive reports on all losses and special payments (including special severance payments).

2.2.28. To receive assurance that the ICB's financial governance and management furthers and delivers Value for Money (VfM) and minimises the risk of financial losses.

2.2.29. Review the annual report and financial statements (including accounting policies) before submission to the Board focusing particularly on and challenging where necessary:

a. the wording in the Governance Statement and other disclosures relevant to the Terms of Reference of the committee
b. consistency of, changes in and compliance with accounting policies, practices and estimation techniques
c. responses to the external auditors from ICB officers responsible for governance
d. the methods used to account for significant or unusual transactions where different approaches are possible
e. whether the ICB has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor
f. the clarity and completeness in the ICB's financial reports and the context in which statements are made
g. unadjusted misstatements in the Financial Statements

h. significant judgements and estimates made in preparing of the Financial Statements
i. significant adjustments resulting from the audit
j. letter of representation
k. qualitative aspects of financial reporting
l. explanations for significant variances.

Where the committee is not satisfied with any aspect of the proposed financial reporting by the ICB, it shall report its views to the ICB Board.

Conflicts of Interest

2.2.30. The Chair of the Audit Committee will be the nominated Conflicts of Interest Guardian.

2.2.31. The committee shall satisfy itself that the ICB's policy, systems and processes for the management of conflicts, (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.

Management

2.2.31. Request and review reports and assurances from directors and managers on the overall arrangements for governance, risk management and internal control.

2.2.32. The committee may also request specific reports from individual functions within the ICB as they may be appropriate to the overall arrangements.

2.2.33. 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. Authority

3.1 The Committee is authorised by the Board to

a. Investigate any activity within its terms of reference;
b. Seek any information it requires within its remit, from any employee of the ICBs or any member of each ICB Board;
c. Commission reports required to help fulfil its obligations;
d. 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 respective ICB for obtaining professional advice;
e. The committee is invested with the delegated authority to act on behalf of each ICB Board. The limit of such delegated authority is restricted to the areas outlined in the Responsibilities of the Committee;

f. Create sub-groups of the Committee and determine the terms of reference of such sub-groups in accordance with each Board's Constitution, Standing Orders and SoRD. The Committee may not delegate any decision-making powers to such groups.

4. Accountability and Reporting

4.1. The Committee is accountable to the ICB Board.

4.2. After each meeting of the Committee, the Committee Chair reports to the Cluster Board about the business transacted, and any concerns that the Committee wishes to escalate.

4.3. Reporting will be through the form as specified by and agreed with the Cluster Board, and may take the form of the Committee's minutes, exception or highlight reports, or dedicated reports produced by the Committee.

4.4. On behalf of the Committee, the Chair may also report about other issues and matters within the Committee's remit that in the Committee's view require the attention or decision-making of the Cluster Board or individual ICB Boards.

4.5. The Committee receives scheduled assurance reports from any sub-groups that it establishes, in a format that is determined by the Committee and enables it to obtain the assurances that it seeks.

4.6. A report will be written annually on the Committee's business during that year, and this will form part of the ICB's Annual Report. Specifically, the report will comment on:

- the fitness for purpose of the assurance framework
- the completeness and 'embeddedness' of risk management in the organisation
- the integration of governance arrangements
- the appropriateness of the evidence that shows the organisation is fulfilling its regulatory requirements
- the robustness of the processes behind the quality accounts

5. Membership

5.1. The following are members of the Committee who have voting rights and decision-making powers:

- 3 Non-Executive Directors, one of who will chair the committee

5.2. The Committee Chair shall be independent and therefore may not chair any other committees.

5.3. Members will possess between them knowledge, skills and experience in accounting, risk management, internal / external audit, and technical or specialist issues pertinent to the Committee's business. When determining the membership of the Committee, active consideration will be made to diversity and equality.

5.4. Neither the Chair of the Board nor employees of the ICB may be members of the Committee.

5.5. The Committee may invite whoever is needed to support them in conducting the committee business. The following are regular attendees of the Committee. They will inform and advise the Committee, but have no voting rights or decision-making powers:

- The ICB Chief Officer Strategic Finance and Resources
- The Chair of the Joint Strategic Finance and Resources Committee
- Internal Auditors
- External Auditors
- Security Management Specialists
- Local Counter Fraud Specialists

5.6. Only the above members and regular attendees of the Committee have the right to attend Committee meetings.

5.7. In addition, the Chair on behalf of the Committee may invite ad-hoc and, in view of agenda items, such individuals to Committee meetings as are considered necessary to enable the Committee's effective conduct of its business. Such additional attendees will only attend as requested and will not become regular attendees. They will not have a right to receive committee papers, and they will not have voting rights or decision-making powers.

5.8. The Committee Chair may ask any or all of those who normally attend Committee meetings, but who are not members, to withdraw to facilitate open and frank discussion of particular matters.

5.9. In the case of absences:

- In the absence of the Committee Chair, the remaining members present determine one of their number as Chair of the meeting.
- ICB non-executive members cannot nominate a deputy to attend the committee on their behalf.
- Where a regular attendee of the Committee is unable to attend a meeting, a suitable representative may be agreed with the Committee Chair.

5.10. Regardless of attendance, external audit, internal audit, local counter fraud and security management providers will have full and unrestricted rights of access to the Committee, with the exception of any items which relate directly to a review of their performance.

6. Quorum

6.1. A quorum shall be 2 members.

6.2. 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.

6.3. In the event of difficulty in relation to achievement of the quorum, independent Non- Executive Members who are not members of the committee may be co-opted as members for individual meetings. The Chair of the Audit Committee cannot be co-opted.

6.4. 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 quorate meeting of the Committee.

7. Meeting frequency and conduct

7.1. The Committee will normally meet quarterly, and otherwise as required. Additional meetings may be convened on an exceptional basis at the discretion of the Committee Chair.

7.2. The ICB 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.

7.3. 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.

7.4. The Committee normally holds its meetings in private.

7.5. The Committee conducts its business in accordance with relevant codes of conduct, good governance practice, including the Nolan principles of public life, the Standards of Business Conduct Policies, Standing Financial Instructions, SoRD and other relevant policies / guidance on good and proper meeting conduct for NHS organisations.

7.6. All Committee members are bound by the Standing Orders and other relevant policies of the ICB. All members and those in attendance must declare any actual or potential conflicts of interest. This is recorded in the meeting minutes.

7.7. The Committee will apply the ICB's Standards of Business Conduct Policy 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.

8. Decision making

8.1. Decisions are normally arrived at by consensus.

8.2. Where consensus cannot be reached, the Chair will move to a formal vote. The quoracy rules apply. Only members of the Committee may vote. Each member is allowed one vote, and a simple majority is conclusive on any matter.

8.3. The Chair may have a casting vote if members are equally divided on an issue.

8.4. If a decision is urgent and cannot wait for the next scheduled meeting, and an extraordinary meeting is not appropriate or possible, the Chair may conduct business via email ('out-of-meeting decision'). The Secretariat will undertake the process on behalf of the Chair. The quoracy rules as set out in these Terms of Reference will apply. All out-of-meeting decisions will be formally reported to the Committee.

9. Equality, Diversity and Inclusion

9.1. Members must demonstrably consider the equality and diversity implications of decisions they make.

10. Secretariat and administration

10.1. The Secretariat for the Committee is provided by the Governance Team. The Secretariat will ensure that:

- The Committee's forward plan is maintained and kept current with the Chair and the relevant executive lead.
- Meeting agendas are agreed by the Chair with the support of the relevant executive lead, and meeting papers and materials are prepared and distributed in accordance with each ICBs Standing Orders.
- Members' and regular attendees' attendance at meetings is monitored, and the Chair is informed if members do not meet the minimum expectations re attendance.
- Records of members' appointments and renewal dates are up-to-date, and the Chair and the Board are prompted to renew membership and identify new members where necessary.
- Management of conflicts of interest including ensuring correct handling of declarations.
- Good quality minutes are taken in accordance with each ICBs Standing Orders and agreed with the Chair, and a record is kept of matters arising, action points and issues to be carried forward.
- The Chair is supported to prepare and deliver reports to each Board.
- The Committee is updated on pertinent issues/ areas of interest/ policy developments.
- Action points are taken forward between meetings, and progress against those actions is monitored.
- Governance advice is available and easily accessible for Committee members.

11. Review

11.1. The Committee will regularly review its performance, its membership and these terms of reference, and recommend to each ICB Board any amendments it considers necessary to ensure it continues to discharge its business effectively

Effective date: 11 May 2026
Review date: within 12 months of approval, or earlier as required
Contact: bswicb.clustergovernance@nhs.net

Appendix 1: Revision History

Version	Date	Approved by	Type of changes
V1.0		BSW ICB Board Dorset ICB Board Somerset ICB Board	Approval of ToR and formal establishment of the Committee
V1.1	10/08/2026	No approval required	Minor editorial amendments made to attendance.

Document control
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Appendix 2: Members and attendees

Members:

Three Non-Executive Directors:
- Dan Worsley (Chair)
- Suzannah Power
- Caroline Gamlin

Attendees:
The Chair of the Joint Strategic Finance and Resources Committee: Adrian White
The ICB Chief Officer Strategic Finance and Resources: Alison Henly
Internal Auditors
External Auditors
Security Management Specialists
Local Counter Fraud Specialists

Observers:

2 Place Non-Executive Directors:
- Suresh Ariaratnam
- Julian Kirby

Associate NED: Karl Hoods