

NHS South East London Integrated Care Board

Audit & Risk Committee

Terms of Reference

September 2024

1. Introduction

- 1.1. The NHS South East London Integrated Care Board (ICB) Audit & Risk Committee [the “committee”] is established as a committee of the ICB. The committee has no executive powers other than those specifically delegated in these terms of reference. These terms of reference can only be amended by the ICB Board.
- 1.2. These terms of reference set out the role, responsibilities, membership, and reporting arrangements of the committee under its terms of delegation from the ICB Board.
- 1.3. All members of staff and members of the ICB are directed to co-operate with any requests made by the Audit & Risk Committee.

2. Authority

- 2.1. The Audit & Risk Committee is authorised by the Board to:
 - Investigate any activity within its terms of reference
 - Seek any information it requires within its remit, from any employee or member of the ICB (who are directed to co-operate with any request made by the committee) within its remit as outlined in these terms of reference
 - Commission any reports it deems necessary to help fulfil its obligations
 - Obtain legal or other independent professional advice and secure the attendance of advisors with relevant expertise if it considers this is necessary to fulfil its functions. In doing so the committee must follow any procedures put in place by the ICB for obtaining legal or professional advice
- 2.2. For the avoidance of doubt, the committee and its members will comply with the ICB Standing Orders, Standing Financial Instructions and the SoRD.

3. Purpose

- 3.1. 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.

- 3.2. The duties of the committee will be driven by the organisation's objectives and the associated risks. An annual programme of business will be agreed before the start of the financial year; however this will be flexible to new and emerging priorities and risks.
- 3.3. The Audit & Risk Committee has no executive powers, other than those delegated in the SoRD and specified in these terms of reference.

4. Duties

- 4.1. The committee's duties can be categorised as follows.

Integrated governance and internal control

- 4.2. To review the adequacy and effectiveness of the system of integrated governance 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.
- 4.3. To ensure that financial systems and governance are established which facilitate compliance with DHSC's Group Accounting Manual.
- 4.4. To review the adequacy and effectiveness of the assurance processes that indicate the degree of achievement of the ICB's objectives and the effectiveness of the management of principal risks.
- 4.5. To ensure that the ICB acts consistently with the principles and guidance established in HMT's Managing Public Money.
- 4.6. To seek reports and assurance from directors and managers as appropriate, concentrating on the systems of integrated governance and internal control, together with indicators of their effectiveness.
- 4.7. To identify opportunities to improve governance and internal control processes across the ICB.

Internal audit

- 4.8. 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
 - 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

External audit

- 4.9. 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, as far as the rules governing the appointment permit
 - 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
 - Discussing with the external auditors their evaluation of audit risks and assessment of the organisation and the impact on the audit fee and
 - 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.
- 4.10. The Audit & Risk Committee shall not have responsibility for appointment or selection of the external auditors. This will be the responsibility of the Auditor Panel.

Risk Management

- 4.11. To maintain oversight of the ICB's Risk Management Framework, recommending the Framework to the Board for approval.
- 4.12. To review the adequacy and effectiveness of risk processes across the entirety of the ICB's activities that support the achievement of its objectives, and to highlight any areas of weakness to the Board.
- 4.13. To receive regular updates on the ICB's risk register.
- 4.14. To have oversight of system risks where they relate to the achievement of the ICB's objectives.
- 4.15. To consider opportunities to improve risk management processes across the ICB and in relation to management of system risk.

Other assurance functions

- 4.16. To review the findings of assurance functions in the ICB, and to consider the implications for the governance of the ICB.
- 4.17. To review the work of other committees in the ICB, whose work can provide relevant assurance to the Audit & Risk Committee's own areas of responsibility.
- 4.18. To review the assurance processes in place in relation to financial performance across the ICB including the completeness and accuracy of information provided.
- 4.19. 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 and CQC.
- 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

- 4.20. To assure itself that the ICB has adequate arrangements in place for counter fraud, bribery and corruption (including cyber security) that meet the NHS Counter Fraud Authority's (NHSCFA) Requirements for the Counter Fraud Functional Standard and review the outcome of work in these areas.
- 4.21. To 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 the outcomes of the annual Counter Fraud functional Standard Return (CFFSR).
- 4.22. To be responsible for ensuring that the counter fraud service submits an Annual Report and CFFSR, outlining work undertaken during each financial year to meet the Requirements of the NHSCFA Counter Fraud Functional Standard.
- 4.23. To be responsible for ensuring that the counter fraud service submits an Annual Report and Self-Review Assessment, outlining work undertaken during each financial year to meet the NHS Standards for Commissioners, Fraud, Bribery and Corruption.

Security

- 4.24. To assure itself that the ICB has adequate arrangements in place for local security management services (LSMS) and review the outcome of work in these areas.
- 4.25. To review, approve and monitor LSMS work plans, receiving regular updates on activity, monitor the implementation of action plans and review annual reports on security management.
- 4.26. To ensure that the LSMS provides appropriate progress reports and that these are scrutinised and challenged where appropriate.

Freedom to Speak Up

- 4.27. 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.

Information Governance (IG)

- 4.28. To receive regular updates from the information Governance Sub-Committee on IG compliance (including uptake & completion of data security training), data breaches and any related issues and risks.
- 4.29. To provide assurance to the Board that there is an effective framework in place for

the management of risks associated with information governance.

Financial reporting

- 4.30. To monitor the integrity of the annual financial statements of the ICB and any formal announcements relating to its financial performance.
- 4.31. To 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.
- 4.32. To approve the annual report and annual financial statements (including accounting policies) for submission, and reporting to the Board, focusing particularly on:
 - The 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 mis-statements in the Financial Statements
 - Significant judgements and estimates made in the preparation of the Financial Statements
 - Significant adjustments resulting from the audit
 - Letter of representation and
 - Qualitative aspects of financial reporting.

Conflicts of Interest

- 4.33. The chair of the committee will be the nominated Conflicts of Interest Guardian.
- 4.34. 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's policy and procedures relating to conflicts of interest.

Management

- 4.35. To request and review reports and assurances from directors and managers on the overall arrangements for governance, risk management and internal control.
- 4.36. The committee may also request specific reports from individual functions within the ICB as they may be appropriate to the overall arrangements.
- 4.37. To receive reports of breaches of policy and normal procedure or proceedings including suspensions of the ICB's standing orders in order provide assurance in relation to the appropriateness of decisions and to derive future learning.
- 4.38. To receive regular reports on tender waivers approved within the ICB.

Communication

- 4.39. To co-ordinate and manage communications on governance, risk management and internal control with stakeholders internally and externally.

- 4.40. To develop an approach with other committees, including the Integrated Care Partnership, to ensure the relationship between them is understood.

5. Membership and attendance

- 5.1. The committee members shall be appointed by the Board in accordance with the ICB constitution.
- 5.2. The Board will appoint four members of the committee including two non-executive members of the Board and two partner members of the ICB board (who are not the usual members of the remuneration committee).
- 5.3. Neither the chair of the Board, nor employees of the ICB will be members of the committee.
- 5.4. Members will possess between them knowledge, skills and experience in accounting, risk management, internal, external audit and technical or specialist issues pertinent to the ICB's business. When determining the membership of the committee, active consideration will be made to diversity and equality.
- 5.5. Only members of the committee have the right to attend committee meetings, however all meetings of the committee will also be attended by the following individuals who are not members of the committee:
- Chief Financial Officer or their nominated deputy
 - Representatives of both internal and external audit
 - The Chief of Staff or their nominated deputy
 - Individuals who lead on corporate governance, risk management, counter fraud and security matters
 - Other relevant attendees as requested by the Audit & Risk Committee chair
- 5.6. 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.
- 5.7. The chair may ask for a meeting in private with the external and internal auditors at the end of any meeting.
- 5.8. 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 Board(s), secondary and community providers.
- 5.9. The ICB Chair and Chief Executive should be invited to attend the meeting at least annually, with an open invitation to attend meetings as they require
- 5.10. Where an 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.

- 5.11. 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 & Risk Committee.

6. Chair and Vice Chair

- 6.1. In accordance with the constitution, the committee will be chaired by a Non-Executive Member of the Board appointed on account of their specific knowledge skills and experience making them suitable to chair the committee.
- 6.2. 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.
- 6.3. The Vice Chair will be the second Non-Executive Member.
- 6.4. The chair will be responsible for agreeing the agenda and ensuring matters discussed meet the objectives as set out in these ToR.

7. Meetings Quoracy and Decisions

- 7.1. The Audit & Risk Committee will meet a minimum of four times a year and arrangements and notice for calling meetings are set out in the Standing Orders. Additional meetings may take place as required.
- 7.2. 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.
- 7.3. In accordance with the Standing Orders, the committee may meet virtually when necessary and members attending using electronic means will be counted towards the quorum.
- 7.4. For a meeting to be quorate 75% of members are required including one Non-Executive Member of the Board.
- 7.5. If any member of the committee has been disqualified from participating in an item on the agenda, by reason of a declaration of conflicts of interest, then that individual shall no longer count towards the quorum.
- 7.6. If the quorum has not been reached, then the meeting may proceed if those attending agree, but no decisions may be taken.
- 7.7. Decisions will be taken in accordance with the Standing Orders. The committee will ordinarily reach conclusions by consensus. When this is not possible the chair may call a vote.
- 7.8. Only members of the committee may vote. Each member is allowed one vote and a majority will be conclusive on any matter.
- 7.9. Where there is a split vote, with no clear majority, the chair of the committee will hold the casting vote.

- 7.10. If a decision is needed which cannot wait for the next scheduled meeting, the chair may conduct business on a 'virtual' basis through the use of telephone, email or other electronic communication.

8. Behaviours and Conduct

- 8.1. Members will be expected to conduct business in line with the ICB values and objectives.
- 8.2. Members of, and those attending, the committee shall behave in accordance with the ICB's Constitution, Standing Orders, and Standards of Business Conduct Policy.
- 8.3. Members must demonstrably consider the equality and diversity implications of decisions they make.

9. Accountability and reporting

- 9.1. The committee is accountable to the Board and shall report to the Board on how it discharges its responsibilities.
- 9.2. The minutes of the meetings shall be formally recorded by the secretary and key discussions and decisions will be submitted to each meeting of the Board in accordance with the Standing Orders.
- 9.3. The Audit & Risk Committee will provide the Board with an Annual Report. The report will summarise its conclusions from the work it has done during the year specifically commenting 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 and
 - The robustness of the processes behind the quality accounts
 - The effectiveness of the committee.

10. Secretariat and Administration

- 10.1. The committee shall be supported with a secretariat function which will ensure that:
- The agenda and papers are prepared and distributed in accordance with the Standing Orders having been agreed by the chair with the support of the relevant executive lead
 - Attendance of those invited to each meeting is monitored and highlighting to the chair those meetings that do not meet the minimum quoracy requirements
 - Records of members' appointments and renewal dates are kept and the Board is prompted to renew membership and identify new members where necessary

- Good quality minutes are taken in accordance with the Standing Orders and agreed with the chair and that a record of matters arising, action points and issues to be carried forward are kept
- The chair is supported to prepare and deliver reports to the Board
- Action points are taken forward between meetings and progress against those actions is monitored.

11. Review

- 11.1. These terms of reference will be reviewed at least annually and more frequently if required. Any proposed amendments to the terms of reference will be submitted to the Board for approval.