North East London
Integrated Care Board

Audit and Risk Committee

North East London ICB

Terms of Reference

Status	1. The Audit and Risk Committee ("the Committee") is established by the Integrated Care Board (the "ICB") as a Committee of the Board of the ICB ("the Board"). 2. These Terms of Reference ("ToR") set out the membership, remit, responsibilities and reporting arrangements of the Committee and may only be changed with the approval of the Board. Additionally, the membership of the Committee must be approved by the Chair of the Board. 3. The Committee and all of its members are bound by the ICB's Constitution, Standing Orders, Standing Financial Instructions, policies and procedures of the ICB.
Authority	4. The Committee is authorised by the Board to take all necessary actions to fulfil the remit described within these terms of reference, including obtaining professional (including legal) advice, commissioning reports and creating groups. The Committee will follow the processes described by the Board for commissioning any professional advice. The Committee may establish groups to assist the committee to undertake its functions but it cannot delegate decisions to such groups. 5. In reliance on its authority set out at paragraph 4 immediately above, as at 1 July 2022, the Committee has established the Audit and Risk Working Group and the Information Governance Steering Group.
Purpose	6. The purpose of the Committee is to contribute to the overall delivery of the ICB's objectives by providing oversight and assurance to the Board on the adequacy of governance, risk management, internal control processes and arrangements to manage conflicts of interest within the ICB recognising the refreshed role of the ICB in strategic commissioning. 7. The Committee will be driven by the organisation's objectives and the associated risks and its duties will be governed by the ToR. 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.

8. The Committee has no executive powers other than those delegated in the SoRD and specified in these ToR, nor shall it be charged with making or endorsing any strategic, operational, or policy decisions

Responsibilities of the Committee

9. The Committee's duties can be categorised as follows:

(a) **Integrated governance, risk management and internal control**

(i) To review the adequacy and effectiveness of the system of integrated governance, risk management including the Board Assurance Framework and internal control across the whole of the ICB's activities that support the achievements of the ICB's objectives, and to highlight any areas of weakness to the Board.

(ii) To ensure that financial systems and governance are established which facilitate compliance with DHSC's Group Accounting Manual and other relevant guidance.

(iii) 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 principle risks.

(iv) To have oversight of system risks where they relate to the achievement of the ICB's objectives.

(v) To ensure that the ICB acts consistently with the principles and guidance of the relevant sections applicable to the ICB as a public body established in HMT's Managing Public Money.

(vi) To seek reports and assurance from directors and managers as appropriate, concentrating on the systems of integrated governance, risk management and internal control and management of conflicts of interest, together with indicators of their effectiveness.

(vii) To identify opportunities to improve governance, risk management and internal control processes and management of conflicts of interest across the ICB.

(b) **Internal Audit**

(i) To ensure that there is an effective internal audit function that meets the Public Sector Internal Audit Standards (PSIAS) and which 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;

(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; and

(E) Monitoring the effectiveness of internal audit and carrying out an annual review.

(c) **External audit**

(i) 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:

(A) Considering the appointment and performance of the external auditors, in so far as the rules governing the appointment permit;

(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 the audit risks and assessments of the organisation and the impact on the audit fee; and

(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.

(d) **Other assurance functions**

(i) To review the findings of assurance functions in the ICB, and to consider the implications for the governance of the ICB.

(ii) To review the work of other committees and sub-committees in the ICB whose work can provide relevant assurance to the Committee's own areas of responsibility.

(iii) To review the assurance processes in place in relation to financial performance across the ICB including the relevance, timeliness, completeness and accuracy of information provided.

(iv) To review the findings of external bodies and consider the implication for governance of the ICB. These will include, but will not be limited to:

(A) Reviews and reports issued by arm's length bodies or regulators and inspectors: e.g. National Audit Office, Select Committees, NHS Resolution, CQC; and

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

(e) **Counter-Fraud**

(i) 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.

(ii) 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 report.

(iii) To ensure that the counter-fraud service provides appropriate progress reports and that these are scrutinised and challenged where appropriate.

(iv) 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 and Bribery and Corruption.

(v) To report concerns of suspected fraud, bribery and corruption to the NHSCFA.

(f) **Information Governance ("IG")**

(i) To receive regular updates on IG compliance (including uptake and completion of data security training), data breaches and any related issues and risks.

(ii) To review the annual Senior Information Risk Owner ("SIRO") report, the submission for the Data Security & Protection Toolkit audit and relevant reports and action plans.

(iii) To receive reports on audits to assess information and IT security arrangements, including the annual Data Security & Protection Toolkit audit.

(iv) To provide assurance to the Board that there is an effective framework in place for the management of risk associated with information governance.

(g) **Financial reporting**

(i) To monitor the integrity of the financial statements of the ICB and any formal announcements relating to its financial performance.

(ii) To ensure that the systems for financial reporting to the Board, including those of budgetary control, are subject to review as to the relevance, timeliness, completeness and accuracy of the information provided.

(iii) To review the annual report and financial statements (including accounting policies) before submission to the Board, focusing particularly on:

(A) The wording in the Governance Statement and other disclosures relevant to the Terms of Reference of the Committee;

(B) Changes in accounting policies, practices and estimation techniques;

(C) Unadjusted mis-statements in the Financial Statements;

(D) Significant judgments and estimates made in preparing of the Financial Statements;

(E) Significant adjustments resulting from the audit;

(F) Letter of representation; and

(G) Qualitative aspects of financial reporting.

(h) **Conflicts of Interest**

(i) The Chair of the Audit Committee will be the nominated Conflicts of Interest Guardian.

(ii) The Committee shall satisfy itself that the ICB's policy, systems and processes for the standards of business conduct and 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.

(i) **Management**

(i) To request and review reports and assurances from directors and managers on the overall arrangements for governance, risk management and internal control.

(ii) The Committee may also request specific reports from individual functions within the ICB as they may be appropriate to the overall arrangements.

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

(j) **Communication**

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

(ii) To develop an approach with each of the other committees, including the Integrated Care Partnership to ensure the relationship between them is understood and effective

Chairing arrangements

10. 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 and agree the Committee's agenda and ensure that its work and discussions meet the objectives set out in these terms of reference.

11. The Chair will also be the ICB's Conflicts of Interest Guardian.

12. Committee members may appoint a Vice Chair from its members. If a Chair has a conflict of interest then the Vice Chair or, if necessary, another member of the Committee will be responsible for deciding the appropriate course of action.

Membership	13. The Committee members will be appointed by the Board in accordance with the ICB Constitution and the Chair of the ICB must approve the membership of the Committee. 14. The Board will appoint no fewer than three members to the Committee including two non-executive members of the Board. As set out in the Constitution, the Committee may include persons who are not ICB members or employees. 15. Neither the Chair of the ICB, nor employees of the ICB will be members of the Committee. 16. Members will possess between them knowledge, skills and experience in accounting, risk management, internal and external audit, and technical or specialist issues pertinent to the ICB's business. 17. When determining the membership of the Committee, active consideration will be made to diversity and equality. 18. Accordingly, the Committee shall have three members as follows: (a) Non-Executive Member (Chair) (b) Non-Executive Member (c) Non-Executive Member
Participants	19. Only members of the Committee have the right to attend Committee meetings, but the Chair may invite relevant staff to the meeting as necessary in accordance with the business of the Committee. 20. The following individuals who are not members of the Committee will also be expected to attend meetings: (a) Chief Finance Officer or their nominated deputy; (b) Chief Medical Officer or their nominated deputy (c) Representatives of both internal and external audit; (d) Individuals who lead on risk management, counter-fraud and procurement matters; (e) Head of Governance 21. Meetings of the Committee may also be attended or observed by the following individuals for all or part of a meeting as and when appropriate: (a) representatives from secondary and community providers. (b) representatives from place-based partnerships and local authorities

22. The Chief Executive should be invited to attend a meeting of the Committee at least annually.

23. 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.

24. Where an individual who is invited to attend (who is not a member of the Committee) is unable to attend a meeting, a suitable alternative may be agreed with the Chair.

25. For the avoidance of doubt, the paragraph above applies equally to participants as to members.

Access

26. Regardless of attendance, External Audit, Internal Audit, Local Counter-Fraud and Security Management providers will have full and unrestricted rights to access the Committee.

Meetings, Quoracy and Decisions

27. The Committee will operate in accordance with the ICB's governance framework, as set out in its Constitution and Handbook and wider ICB policies and procedures, except as otherwise provided below:

Scheduling meetings

28. The Committee shall ordinarily meet on a quarterly basis, with a minimum of four meetings each financial year and any additional meetings required for the annual report and accounts approval. Additional meetings may be convened on an exceptional basis at the discretion of the Chair.

29. At least once a year the Committee should meet its external audit and internal audit in private without management.

30. 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.

Quoracy

31. For a meeting to be quorate, a minimum of two Non-Executive Members are required to be present.

32. 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.

33. If the quorum has not been reached, then the meeting may proceed if those attending agree, but no decisions may be implemented without approval of the Committee when it next meets as a quorate committee (depending on which occurs first).

Voting

34. 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. Only members of the Committee may vote. Each member is allowed one vote and a simple majority will be conclusive on any matter. Where there is a split vote, with no clear majority, the Chair of the Committee will hold the casting vote. The result of the vote will be recorded in the minutes.

Papers and notice

35. A minimum of seven clear working days' notice is required of the date and time of a meeting. Notice of all meetings shall comprise venue, time and date of the meeting, together with an agenda of items to be discussed. Supporting papers must be distributed at least five clear working days ahead of the meeting

36. On occasion it may be necessary to arrange urgent meetings at shorter notice. In these circumstances the Chair will give as much notice as possible to members. Urgent papers shall be permitted in exceptional circumstances at the discretion of the Chair.

Virtual attendance

37. It is for the Chair to decide whether or not the Committee will meet virtually by means of telephone, video or other electronic means. Where a meeting is not held virtually, the Chair may nevertheless agree that individual members may attend virtually. Participation in a meeting in this manner shall be deemed to constitute presence in person at such meeting. How a person has attended a meeting shall be specified in the meeting minutes.

Recordings of meetings and publication

38. Except with the permission of the Chair, no person admitted to a meeting of the Committee shall be permitted to record the proceedings in any manner whatsoever, other than in writing.

Confidential information

39. Where confidential information is presented to the Committee, all those who are present will ensure that they treat that information appropriately in light of any confidentiality requirements and information governance principles.

Meeting minutes

40. The minutes of a meeting will be formally taken in the form of key points of debate, actions and decisions and a draft copy circulated to the members of the Committee together with the action log as soon after the meeting as practicable. The minutes will be submitted for agreement at the next meeting where they will be signed by the Chair.

Governance support

41. Governance support to the Committee will be provided by the ICB's governance team.

Conflicts of interest

42. Conflicts of interest will be managed in accordance with the policies and procedures of the ICB and those contained in the Handbook and shall be consistent with the statutory duties contained in the National Health Service Act 2006 and any statutory guidance issued by NHS England.

Behaviours and Conduct

43. Members will be expected to behave and conduct business in accordance with:

    (a) The ICB's policies and procedures including its Constitution, Standing Orders and Standards of Business Conduct Policy which sets out the expected behaviours that all members of the Board and its committees will uphold whilst undertaking ICB business;

    (b) The NHS Constitution;

    (c) The Nolan Principles

44. Members must demonstrably consider equality, diversity and inclusion implications of the decisions they make.

Accountability and Reporting

45. The Committee is accountable to the Board and shall report to the Board on how it discharges its responsibilities.

46. Exception reports will be presented to the ICB Board by the Chair of the committee.

47. The Committee will provide the Board with an Annual Report, timed to support finalisation of the accounts and the Governance Statement. The report will summarise its conclusions from the work it has done during the year 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 the evidence that shows the organisation is fulfilling its regulatory requirements; and

    (e) The robustness of the processes behind the quality accounts.

Review

48. The Committee will review its effectiveness at least annually. The review will consider whether the Committee has:

    (a) Fulfilled its responsibilities set out in these Terms of Reference.

(b) Provided effective scrutiny, challenge and assurance to the Board.

(c) Received timely and appropriate information to support its work.

(d) Maintained effective membership, attendance and participation.

49. The outcome of the review and any proposed improvements will be reported to the Board.

50. These ToR will be reviewed at least annually and more frequently if required. Any proposed amendments to the ToR will be submitted to the Board for approval.

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