

Buckinghamshire, Oxfordshire and Berkshire West Integrated Care Board (BOB ICB):

Audit and Risk Committee – Terms of Reference (ToR)

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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).

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:

- **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.

2.1.1 Integrated Governance and Systems Risk

The Committee seeks assurance that the following are in place and effective in meeting the ICS'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 Board's activities as evidenced by key indicators.
- **Assurance processes:** Receives assurance that the Board's objectives are achieved, 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:
 - DHSC's Group Accounting Manual: Including scope, management, patient and public involvement and continuous improvement
 - Principles and guidance established in HMT'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, operational 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).
- **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.

External audit 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 .
- 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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 Audit 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
- An Annual Report and a Self-Review Assessment outlining the key work undertaken to meet the relevant NHS Standards is submitted
- Concerns of suspected fraud, bribery, and corruption are reported to the NHSCFA

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 Freedom to Speak Up

Seeks assurance on the freedom to speak up:

- **Arrangements for raising concerns:** The arrangements for employees, contractors, and external parties to raise concerns about financial, clinical management in confidence are reviewed for effectiveness.
- **Investigation and Action:** The arrangements allow for proportionate independent investigation and timely follow up action.

2.1.8 Information Governance

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

- **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.

2.1.9 Conflicts of Interest

Seeks assurance on 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 Committee or another Board member.

2.1.10 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 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 order

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

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.
Commission reports	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 Task & Finish Groups	<p>Create, with agreement of the ICB, task and finish sub-groups for specific programmes of work.</p> <p>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.</p>

2.2.1 Delegation by Scheme of Reservation & Delegation (SoRD)

Decisions Delegated by the Scheme of Reservation & Delegation

- Preparation of the ICB's overarching Scheme of Reservation and Delegation, which sets out those decisions reserved to the ICB and those delegated to: Committees and sub-committees of the ICB, or its members or employees; Place based partnerships; Individual Members of the ICB; an individual who is not a Member of the ICB but is a specified person in the ICB's Constitution.
- Prepare and annually approve the ICB's Detailed Delegated Financial Limits, which sets out the delegation of key financial operational decisions and delegated decision limits; approval of any exceptional in-year changes.
- Develop and approval of changes to the Governance Handbook
- Review of every decision to suspend Standing Orders
- Ratification or otherwise of instances of failure to comply with Standing Orders
- Ratification or action following instances of failure to comply with Standing Financial Instructions

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- Design and approve process for all policy development and approval
 - Reviewing the ICB's governance arrangements to ensure that the ICB continues to reflect the principles of good governance (including annual self-assessment and external review at least every three years)
 - Approval of the ICB's Annual Report and Annual Accounts
 - Approving a timetable for producing the annual report and accounts
 - Approve the proposals for managing conflicts of interest and declarations of hospitality
 - Approval of the arrangements for all aspects of Information Governance including ensuring appropriate and safekeeping and confidentiality of records and for the storage, management and transfer of information and data
 - Approve the ICB's counter fraud and security management arrangements
 - Approve and monitor risk management programme
 - Oversight of external audit, internal audit, local counter fraud services and other external assurance functions
 - Monitor and ensure compliance with Directions issued by the Secretary of State for Health on fraud and corruption including the appointment of the Local Counter Fraud Specialist
 - Make proposals for individual compensation payments
 - Approve the ICB's arrangements for managing dispute resolution
 - Oversee the maintenance and operation of a system risk strategy and a risk register
 - Provide independent and objective view on internal control and probity
 - Approval of waiver of formal tendering procedures
 - Approval of the appointment of internal and external auditors
 - Approval of the internal audit strategy, audit plan and more detailed programme of work
 - Approval of write off of losses (within limits delegated by Department of Health)
 - Advise on individual cases for the write off of losses or making of special payments above the limits of delegation to the CEO and Chief Finance Officer (for losses and special payments)
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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	<ul style="list-style-type: none"> • The Committee receives scheduled assurance reports from its delegated groups. • 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, escalating any concerns, where necessary.
Monitor attendance	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> The Committee produces an annual work plan in consultation with the Board.
Conduct annual self-assessment	<ul style="list-style-type: none"> 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. Members review the effectiveness of the meeting at each sitting
Annual Report	<ul style="list-style-type: none"> The Committee provides the Board with an Annual Report, timed to support finalisation of the accounts and the Governance Statement. The report includes <ul style="list-style-type: none"> The governance cycle A summary of the business conducted, 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.
Deputy Chair	Committee members may appoint a Vice Chair from amongst the members.

Description of expectation	
Absence of Chair or Vice Chair	In the absence of the Chair, or Vice Chair, the remaining members present elects one of their number Chair the meeting.
Membership	<p>Minimum membership is:</p> <ul style="list-style-type: none"> • Non-Executive Director (Committee Chair) • Non-Executive Director • Non-Executive Director <p>EDI: When determining the membership of the Committee, consideration will be given to diversity and equality.</p>
Attendees and procedure for absence	<p>Only members of the Committee have the right to attend meetings, however meetings of the Committee will also be attended by the following individuals, when requested, who are not members of the Committee:</p> <ul style="list-style-type: none"> • Chief Finance Officer or their nominated deputy • Chief Nursing Officer or their nominated deputy • Chief Medical Officer or their nominated deputy • Director of Governance or their nominated deputy • Representatives of both internal and external audit • Individuals who lead on risk management and counter fraud matters. <p>Other members: The Committee may elect to co-opt additional members, where it is in the interests of the Committee's activities to do so.</p> <p>The Chair and Chief Executive of the ICB may attend any meeting to contribute and gain an understanding of the Committee's operations.</p> <p>Procedure for absence:</p> <p>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.</p> <p>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.</p>
Quoracy and Procedure for Inquoracy	<p>Threshold: A a minimum of two Non-Executive Memberse.</p> <ul style="list-style-type: none"> • Absence: Where 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,

Description of expectation

due to a declared conflict of interest, that individual no longer counts towards the quorum.

- Inquoracy: If the quorum is not reached, the meeting may proceed if those attending agree, but no decisions may be taken.

3.2 Frequency and formats

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

Description of rules

Meeting frequency	<p>The Committee will meet at least five times a year.</p> <p>Additional meetings may be convened on an exceptional basis at the discretion of the Committee Chair.</p> <p>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.</p>
Public vs closed	<p>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.</p> <p>External Audit, Internal Audit, Local Counter Fraud and Security Management providers will have full and unrestricted rights of access to the Audit Committee.</p>
Virtual meetings and extraordinary meetings	<p>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.</p>

3.3 Procedures

Procedure	Description of rules and expectations:
Agenda	<p>The Chair is responsible for agreeing the agenda and ensuring matters discussed meet the objectives as set out in these ToR.</p> <p>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.</p>
Conflicts of interest	<p>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.</p> <p>Exclusions: Anyone with a relevant or material interest in a matter under consideration may be excluded from the discussion at the discretion of the Committee Chair.</p>

Decision-making	Decisions: Decisions are taken in accordance with the Standing Orders and are normally arrived at by consensus. When this is not possible the Chair may call a vote.
Voting	<p>Eligibility: Only members of the Committee may vote. Each member is allowed one vote and a majority is conclusive on any matter.</p> <p>Casting Vote: The chair may have a casting vote, if members are equally divided on an issue.</p> <p>Recording of votes: The result of the vote will be recorded in the minutes.</p> <p>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.</p>

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.
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	<p>Support the Chair in preparing and delivering reports to the Board.</p> <p>Take forward action points between meetings and monitor progress against those actions.</p>
Provide updates	Update the Committee on pertinent issues/ areas of interest/ policy developments.

Appendix I: Revision History

Version	Date	Approved by	Review	Type of changes
V1.0	1 July 2022	Board of ICB	Annually	Creation of ToR

Document control

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