

**ANNEX 3**  
**DORSET CLINICAL COMMISSIONING GROUP**  
**AUDIT AND QUALITY COMMITTEE**  
**TERMS OF REFERENCE**

**1. CONSTITUTION**

- 1.1 The Audit and Quality Committee (the Committee) is constituted as a standing committee of the Governing Body, the terms of reference of which are set out below. The Committee is a non-executive committee of the Governing Body and has no executive powers, other than those specifically delegated in these Terms of Reference.
- 1.2 The terms of reference shall be reviewed by the Governing Body, and any resulting changes to the terms of reference or membership of the Committee shall be approved by the Governing Body.

**2. MEMBERSHIP**

- 2.1 Members of the Committee shall be appointed by the Governing Body and may include individuals who are not members of the Governing Body. The Lay member on the Governing Body with a lead role in overseeing key elements of governance shall chair the Committee. The Committee will comprise of a GP from the Governing Body, the nurse representative from the Governing Body and at least two further suitably qualified individuals who are not members of, or associated with, the Governing Body. The Chair of the Committee shall be appointed by the Governing Body. The Committee may appoint a Deputy Chair. The Committee may co-opt the Deputy Chair to chair the Committee in the absence of the Committee Chair. The CCG Chair shall not be a member of the Committee.
- 2.2 Members shall be appointed for a period of up to three years. Members shall be eligible for reappointment but may not serve more than three consecutive terms or nine years, whichever is the lesser.

**3. ATTENDANCE**

- 3.1 The Directors of Finance and Nursing and Quality (who may nominate respective deputies to attend in their stead when necessary) and appropriate Internal and External Audit representatives shall normally attend the appropriate parts of meetings relevant to their areas of responsibility. At least once a year the Committee shall meet privately with the External and Internal Auditors.
- 3.2 The Accountable Officer and other Directors may be invited to attend for all or part of discussions, particularly when the Committee is discussing areas of risk or operation that is the responsibility of that Director.
- 3.3 The Accountable Officer will be invited to attend, at least annually, to discuss with the Committee the process for assurance that supports the Governance Statement.

- 3.4 The Committee can require the attendance of any officer of the CCG as required.
- 3.5 The Secretary and General Counsel shall service the Committee.
- 3.6 A quorum shall be one third of the total number of members and the Chair, and shall include at least one Lay Member or person who is not a member of the Governing Body.

#### **4. FREQUENCY**

- 4.1 The Committee shall meet as necessary, normally every quarter and not less than four times per year. Members are expected to attend every meeting, but must attend at least two meetings each year.
- 4.2 The External Auditor or Head of Internal Audit may request a meeting at any time.

#### **5. AUTHORITY**

- 5.1 The Committee is authorised by the Governing Body to investigate any activity within its Terms of Reference. It is authorised to seek any information it requires from any employee and all employees are directed to cooperate with any request made by the Committee. The Committee is authorised by the Governing Body to obtain legal or other independent professional advice and to secure the attendance of anyone with relevant experience and expertise if it considers this necessary.
- 5.2 Meetings shall not be held in public.
- 5.3 Meetings may be held in three parts consisting of Audit in Part I, Quality (Clinical Governance) in Part II and Finance.

#### **6. REMIT AND FUNCTION OF THE COMMITTEE**

- 6.1 The remit and functions of the Committee are to:
  - 6.1.1 Review the establishment and maintenance of an effective system of integrated governance, risk management and internal control across the whole of the group's activities that support the achievement of the group's objectives ensuring that their work encompasses a review of clinical governance.
  - 6.1.2 It will do this by:
    - 6.1.2.1 Reviewing the adequacy and effectiveness of all risks and control related disclosure statements, in particular the Governance Statement, together with any appropriate independent assurances.
    - 6.1.2.2 Reviewing the adequacy and effectiveness of the underlying assurance processes that indicate the degree of achievement of group objectives, the effectiveness of the management of principal risks and the appropriateness of the disclosure statements.

- 6.1.2.3 Reviewing the adequacy and effectiveness of the policies for ensuring compliance with regulatory legal and code of conduct requirements and related reporting and self certification.
- 6.1.2.4 Reviewing the adequacy and effectiveness of the policies and procedures for all work related to fraud and corruption as set out in the Secretary of State's directions and as required by the NHS Protect and Security Management Service.
- 6.1.3 Note the appointment of the External Auditor, agree the Audit Fee and Audit Plan with External Auditors and consider any questions of resignation or dismissal.
- 6.1.4 Note the Governance Statement.
- 6.1.5 Approve changes in the accounting policies.
- 6.1.6 Review and advise the Governing Body on proposed changes to Standing Orders and Standing Financial Instructions.
- 6.1.7 Comment on circumstances where Standing Orders have been suspended.
- 6.1.8 Agree with the External Auditor, before an audit commences, the extent and reliance to be placed on the work of the Internal Audit
- 6.1.9 Monitor and Review periodic (quarterly) financial statements and performance information.
- 6.1.10 Review the Annual Financial Statements focusing in particular on:
  - 6.1.10.1 Any changes in accounting policies and practices based on major judgemental areas.
  - 6.1.10.2 Significant adjustments resulting from the audit.
  - 6.1.10.3 Compliance with accounting policies and practices
- 6.1.11 Discuss problems and reservations arising from the work of the External Auditor and any matters the External Auditor may wish to discuss (in the absence of the executive directors and other managers where necessary).
- 6.1.12 Approve the appointment of the Internal Auditors.
- 6.1.13 Review the Internal Audit Strategy and Plans, ensuring co-ordination between the Internal and External Auditors, and ensuring that the Internal Audit function is adequately resourced.
- 6.1.14 Review the findings from the Internal Audit Programme and ensure appropriate management action has been taken.

- 6.1.15 Consider other matters as referred by the Governing Body from time to time.
- 6.1.16 Review the scope of internal control.
- 6.1.17 Review any schedules of Losses and Compensation payments.
- 6.1.18 Note the Annual Audit Letters from the External Auditor and the response from management.
- 6.1.19 Review External Audit reports and ensure that appropriate management action has been taken.
- 6.1.20 Review the effectiveness of both Internal and External Audit.
- 6.1.21 Monitor the implementation of policy on standards of business conduct for members and staff.
- 6.1.22 Consider issues related to value for money and specifically to examine efficiency, and effectiveness of support services provided to the CCG.
- 6.1.23 Review reports and updates from any Anti- Fraud Service.
- 6.1.24 Provide assurance to the Governing Body that appropriate Governance and Risk Management arrangements are in place to enable the annual Governance Statement to be signed.
- 6.1.25 Keep the Governing Body fully informed of all significant risks which may impact on the CCG's strategic direction and business planning process and to report to the Governing Body on the management of significant risks.
- 6.1.26 Review annually and ensure the development of the CCG's Assurance Frameworks.
- 6.1.27 Receive and consider reports on the key issues
- 6.1.28 Review, where appropriate, information and records pertaining to litigation, medical negligence, complaints, inquests and enquiries.
- 6.1.29 Review the systems for financial reporting to the Governing Body, including those of budgetary control to ensure that they are subject to review as to the completeness and accuracy of the information provided to the Governing Body.
- 6.1.30 Review Whistle-blowing procedures and disclosures.
- 6.1.31 Review Anti-Money Laundering procedures.
- 6.1.32 Seek assurance that the commissioning strategy for the Clinical Commissioning Group fully reflects all elements of quality, patient experiences, effectiveness and patient safety.
- 6.1.33 Consider the continued appropriateness of the current strategy and Annual Plan.

- 6.1.34 Provide assurance that commissioned services are being delivered in a high quality and safe manner ensuring that quality sits at the heart of everything the Clinical Commissioning Group does.
- 6.1.35 Seek assurance that effective risk management is in place to manage and address clinical governance issues.
- 6.1.36 Seek assurance regarding the process and compliance issues relating to Serious Incident Requiring Investigation (SIRIS) to investigate and take action appropriate in respect of all never events ensuring appropriate reports are made to the Governing Body regarding sensitive issues.
- 6.1.37 Seek assurance on the performance of the organisation from the relevant regulatory bodies, as appropriate.
- 6.1.38 Receive independent investigation reports relating to patient safety issues and agree publication plans.
- 6.1.39 Ensure a clear and current escalation process is in place including appropriate trigger points to enable engagement of external bodies relating to matters of concern.
- 6.1.40 Review Declarations of Interest made by staff, GPs and Member Practices with particular reference to the resolution of conflicts within the Primary Care Commissioning Committee.

## **7. REPORTING**

- 7.1 Minutes of each meeting will be recorded and there shall be a presumption that they shall be submitted to the public session of the Governing Body at its next meeting after those minutes have been formally approved by the Chair of the meeting unless otherwise decided by the Committee, in which case they shall go to the confidential session.
- 7.2 The Committee will report to the Governing Body annually on its work in support of the Governance Statement, specifically commenting on the fitness for purpose of the assurance framework, the completeness and extent to which risk management is embedded in the organisations, the integration of governance arrangements, and the Committee's own report on compliance with its Terms of Reference.

## **8. SUB-COMMITTEES**

- 8.1 The Audit and Quality Committee may establish sub-committees for specific areas of work.
- 8.2 Where it does so it will keep sub-committee arrangements under regular review to ensure relevance and effectiveness.
- 8.3 Minutes of any sub-committees will be presented to the Committee as soon as they have been approved by the relevant sub-committee.