

**GOVERNING BODY – WEDS 6<sup>TH</sup> APRIL 2016**

**Establishment of the Auditor Panel**

Lead GP:	Dr Richard Cullen	
Lead Executive:	Keely Firth	
<b>Purpose:</b>		
To seek approval from Governing Body for the establishment of an auditor panel, approve terms of reference and agree the membership for the panel.		
<b>Background, key issues and risks</b>		
<p>Following the closure of the Audit Commission (in March 2015) a new local audit framework was developed. As a result early in 2016 every Clinical Commissioning Group (CCG) will need to appoint an 'auditor panel' (result of the <i>Local Audit and Accountability Act 2014</i>). The Auditor Panel will advise on the appointment of the CCG's external auditors.</p> <p>When establishing the Auditor Panel the Governing Body the following considerations must be noted:</p> <ul style="list-style-type: none"> <li>• The Auditor Panel must have separate terms of reference. In addition it must discharge its duties independently from the Audit Committee.</li> <li>• The Governing Body must approve the establishment of the Auditor Panel.</li> <li>• A majority of members on the Auditor Panel must meet the independence criteria. In this definition, GPs do not meet the definition of 'independent' (i.e. not part of the body's management structure and so can objectively look at the wider public interest).</li> <li>• It is therefore proposed that the three Lay Members and both GPs (who already sit on the Audit Committee) form the Auditor Panel.</li> </ul> <p>Arrangements to establish the Auditor Panel were discussed by the Audit Committee in February 2016. The terms of reference are recommended to the Governing Body by the chair of the Audit Committee and a attached at <b>Appendix A: Auditor Panel terms of reference:</b></p>		
<b>GUIDANCE AND LOCAL APPROACHES</b>		
<p>Local benchmarking indicates that the majority of CCGs will utilise existing Lay members and GPs with the Chair being a Lay member who satisfies the independence criteria.</p> <p>HFMA model Auditor Panel terms of reference : <a href="http://www.hfma.org.uk/download.ashx?type=infoservice&amp;id=908">http://www.hfma.org.uk/download.ashx?type=infoservice&amp;id=908</a></p> <p>HFMA guidance about Auditor Panels: <a href="http://www.hfma.org.uk/NR/rdonlyres/67E73045-01FD-4B58-925D-C1FE0CA6078C/0/AuditorPanelGuidanceFINALSeptember2015.pdf">http://www.hfma.org.uk/NR/rdonlyres/67E73045-01FD-4B58-925D-C1FE0CA6078C/0/AuditorPanelGuidanceFINALSeptember2015.pdf</a></p>		
<b>Recommendation:</b>		
<p>Members of the governing body are recommended to:</p> <ul style="list-style-type: none"> <li>(i) Agree to establish the Auditor Panel for NHS Rotherham CCG;</li> <li>(ii) Approve terms of reference for the Auditor Panel for NHS Rotherham CCG;</li> <li>(iii) Agree the membership of the Auditor Panel.</li> </ul>		

<b>TERMS OF REFERENCE FOR NHS ROTHERHAM CLINICAL COMMISSIONING GROUP AUDITOR PANEL</b>	
<b>Constitution</b>	The Governing Body hereby resolves to nominate a sub-set of the Audit Committee to act as its Auditor Panel in line with schedule 4, paragraph 1 of the 2014 Act. The Auditor Panel is a committee of the Governing Body and has no executive powers, other than those specifically delegated in these terms of reference.
<b>Membership</b>	<p>The Auditor Panel shall comprise the three Lay Members who are members of the Audit Committee plus the two GP members of the Audit Committee. This means that the majority of members of the Auditor Panel are independent, non-executives. This satisfies the requirement that an Auditor Panel must have at least three members with a majority who are independent and non-executive members of the Governing Body.</p> <p>The appointments will be approved by the Governing Body on an annual basis.</p> <p>In line with the requirements of the <i>Local Audit (Health Service Bodies Auditor Panel and Independence) Regulations 2015</i> (regulation 6) each member's independence must be reviewed against the criteria laid down in the regulations.</p>
<b>Chairperson</b>	The Audit Committee chairperson is appointed by the Governing Body to chair the Auditor Panel.
<b>Removal/resignation</b>	The Auditor Panel chairperson and / or members of the panel can be removed in line with rules agreed by the Governing Body.
<b>Quorum</b>	To be quorate, there must be a minimum of two Lay Members (independent members of the Auditor Panel) present <u>and</u> a majority of Lay Members at any meeting.
<b>Attendance at meetings</b>	The Auditor Panel's chairperson may invite directors and others to attend depending on the requirements of each meeting's agenda. These invitees are not members of the Auditor Panel.
<b>Frequency of meetings</b>	<p>The Auditor Panel shall consider the frequency and timing of meetings needed to allow it to discharge its responsibilities but as a general rule will meet on the same day as the Audit Committee.</p> <p>Members are expected to attend all meetings.</p> <p>Auditor panel business shall be identified clearly and dealt with separately from the Audit Committee. As such the Auditor Panel's chairperson shall formally state at the start of each meeting that the Auditor Panel is meeting in that capacity and not as the Audit Committee.</p>
<b>Conflicts of interest</b>	Conflicts of interests must be declared and recorded at the start of each meeting of the Auditor Panel. All declarations of interest will be

	<p>recorded in the minutes.</p> <p>A register of Auditor Panel members' interests must be maintained by the panel's chairperson and submitted to the Governing Body in accordance with the CCG's existing Conflicts of Interest Policy.</p> <p>If a conflict of interest arises, the chairperson may require the affected Auditor Panel member to withdraw at the relevant discussion or voting point.</p>
<p><b>Authority</b></p>	<p>The Auditor Panel is authorised by the Governing Body to carry out the functions specified below and can seek any information it requires from any employees/relevant third parties.</p> <p>All employees are directed to cooperate with any request made by the Auditor Panel.</p> <p>The Auditor Panel is authorised by the Governing Body to obtain outside legal or other independent professional advice (for example, from procurement specialists) and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary. Any such 'outside advice' must be obtained in line with the organisation's existing rules.</p>
<p><b>Functions</b></p>	<p>The Auditor Panel's functions are to:</p> <ul style="list-style-type: none"> <li>• Advise the organisation's Governing Body on the selection and appointment of the external auditor. This includes: <ul style="list-style-type: none"> <li>○ agreeing and overseeing a robust process for selecting the external auditors in line with the organisation's normal procurement rules.</li> <li>○ making a recommendation to the Governing Body as to who should be appointed.</li> <li>○ ensuring that any conflicts of interest are dealt with effectively</li> </ul> </li> <li>• Advise the organisation's Governing Body on the maintenance of an independent relationship with the appointed external auditor.</li> <li>• Advise (if asked) the organisation's Governing Body on whether or not any proposal from the external auditor to enter into a liability limitation agreement as part of the procurement process is fair and reasonable.</li> <li>• Advise on (and approve) the contents of the organisation's policy on the purchase of non-audit services from the appointed external auditor.</li> <li>• Advise the organisation's Governing Body on any decision about the removal or resignation of the external auditor.</li> </ul>
<p><b>Reporting</b></p>	<p>The chairperson of the Auditor Panel must report to the Governing Body on how the Auditor Panel discharges its responsibilities.</p> <p>The minutes of the panel's meetings must be formally recorded and submitted to the Governing Body by the panel's chairperson. The chairperson of the Auditor Panel must draw to the attention of the Governing Body any issues that require disclosure to the full</p>

	Governing Body, or require executive action.
<b>Remuneration</b>	Payments to Auditor Panel members shall be in line with the organisation's existing approach to remuneration and allowances.
<b>Administrative support</b>	<p>The Audit and Quality Assurance Committee Secretary shall be responsible for organising effective administrative support to the Auditor Panel. The duties of the person appointed to fulfil this role shall include:</p> <ul style="list-style-type: none"> <li>• Agreement of agendas with the chairperson</li> <li>• Preparation, collation and circulation of papers in good time</li> <li>• Ensuring that those invited to each meeting attend</li> <li>• Taking the minutes and helping the chairperson to prepare reports to the Governing Body</li> <li>• Keeping a record of matters arising and issues to be carried forward</li> <li>• Arranging meetings for the chairperson</li> <li>• Maintaining records of members' appointments and renewal dates etc</li> <li>• Advising the Auditor Panel on pertinent issues/areas of interest/ policy developments</li> <li>• Ensuring that panel members receive the development and training they need</li> <li>• Providing appropriate support to the chairperson and panel members.</li> </ul>
<b>Conduct</b>	<p>Members of the Committee and those in attendance at meetings will abide by the 'Principles of Public Life' and the NHS Code of Conduct, and the Standards for members of NHS boards and governing bodies, Citizen's Charter and Code of Practice on Access to Government Information.</p> <p>All members will have due regard to, and operate within, the prime financial policies, standing orders, the constitution and other policies and procedures of NHS Rotherham CCG.</p>
<b>Monitoring of compliance</b>	The Governing Body will monitor the effectiveness of the committee through receipt of the minutes and the committee's Annual Report to the Governing Body.
<b>Date agreed</b>	These terms of reference were approved by Governing Body on 6 <sup>th</sup> April 2016.
<b>Review date and monitoring</b>	<p>Annually, or as and when legislation or best practice guidance is updated.</p> <p>Any amended terms of reference will be agreed by the panel for recommendation to a subsequent meeting of the Governing Body.</p>