

### GOVERNING BODY MEETING

<b>Date of meeting</b>	Tuesday 24 May 2016	<b>Agenda item number</b>	26
<b>Title of report</b>	Terms of Reference of the Auditor Panel		
<b>Paper Presented by:</b>	Paul Olive, Lay Member, Governance (Audit Committee Chair)		
<b>Paper prepared by:</b>	Pam Bowling, Governing Body Secretary		

<b>CCG strategic objective supported by this paper: (please tick ✓ )</b>	Develop and maintain an effective organisation	✓
	Commission high quality, safe and cost effective services which reduce health inequalities and improve access to healthcare	
	Effectively engage patients and the public in decision making	
	Develop excellent partnerships which lead to improved health outcomes	
	Make the best use of resources	✓

<b>Purpose of report</b>
To update the Governing Body following the report at the last meeting on the proposed arrangements for the establishment of the Auditor Panel. The Auditor Panel met on Tuesday 12 April 2016 and recommended the attached Terms of Reference for approval by the Governing Body.
<b>Recommendation</b>
The Governing Body is asked to approve the Terms of Reference and membership of the Auditor Panel.

<b>Please indicate which Group this has been discussed with (please tick ✓)</b>			
Executive Management Team	✓	Quality Improvement and Governance Cttee	
Clinical Commissioning Committee		Finance and Performance Committee	
Audit Committee		Remuneration Committee	
Council of Members		Other – Auditor Panel	✓
<b>Patient and Public Engagement:</b>	Supports transparency and openness.		
<b>Equality Impact Assessment:</b>	N/A		
<b>Resource Implication(s):</b>	None		
<b>For further information please contact:</b>	Paul Olive 01253 657188		

## **NHS FYLDE AND WYRE CLINICAL COMMISSIONING GROUP**

### **Auditor Panel Terms of Reference**

#### **1. Constitution**

The governing body hereby resolves to nominate its audit committee to act as its auditor panel in line with schedule 4, paragraph 1 of the 2014 Act. The auditor panel is a non-executive committee of the governing body and has no executive powers, other than those specifically delegated in these terms of reference.

#### **2. Membership**

The auditor panel shall comprise the entire membership of the audit committee with no additional appointees. This means that all 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.

The Chief Finance Officer will be invited to attend meetings of the Panel (as a non-voting officer).

In line with the requirements of the *Local Audit (Health Service Bodies Auditor Panel and Independence) Regulations 2015* (regulation 6) each member's independence must be reviewed against the criteria laid down in the regulations.

#### **3. Chairperson**

The audit committee chairperson will be appointed by the governing body to chair the auditor panel.

#### **4. Removal/ resignation**

The auditor panel chairperson and/ or members of the panel can be removed in line with rules agreed by the governing body.

#### **5. Quorum**

To be quorate, independent members of the auditor panel must be in the majority AND there must be at least two independent members present or 50% of the auditor panel's total membership, whichever is the highest.

#### **6. Attendance at meetings**

The auditor panel's chairperson may invite executive directors and others to attend depending on the requirements of each meeting's agenda. These invitees are not members of the auditor panel.

#### **7. Frequency of meetings**

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.

Auditor panel business shall be identified clearly and separately on the agenda and audit committee members shall deal with these matters as auditor panel members NOT as audit committee members.

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.

### **8. Conflicts of interest**

Conflicts of interests must be declared and recorded at the start of each meeting of the auditor panel.

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 organisation's existing conflicts of interest policy.

If a conflict of interest arises, the chairperson may require the affected auditor panel member to withdraw at the relevant discussion or voting point.

### **9. Authority**

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. All employees are directed to cooperate with any request made by the auditor panel.

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.

### **10. Functions**

The auditor panel's functions are to:

- Advise the organisation's governing body on the selection and appointment of the external auditor. This includes:
  - agreeing and overseeing a robust process for selecting the external auditors in line with the organisation's normal procurement rules should the panel determine that full procurement is necessary
  - making a recommendation to the board/ governing body as to who should be appointed ensuring that any conflicts of interest are dealt with effectively
- Advise the organisation's governing body on the maintenance of an independent relationship with the appointed external auditor
- 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
- Advise on (and approve) the contents of the organisation's policy on the purchase of non-audit services from the appointed external auditor
- Advise the organisation's governing body on any decision about the removal or resignation of the external auditor.

## **11. Reporting**

The chairperson of the auditor panel must report to the governing body on how the auditor panel discharges its responsibilities.

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 governing body, or require executive action.

## **12. Remuneration**

Payments to auditor panel members shall be in line with the organisation's existing approach to remuneration and allowances.

## **13. Administrative support**

The organisation's secretary (or governance lead) shall be responsible for organising effective administrative support to the auditor panel. The duties of the person appointed to fulfil this role shall include:

- Agreement of agendas with the chairperson
- Preparation, collation and circulation of papers in good time
- Ensuring that those invited to each meeting attend
- Taking the minutes and helping the chairperson to prepare reports to the board/ governing body
- Keeping a record of matters arising and issues to be carried forward
- Arranging meetings for the chairperson
- Maintaining records of members' appointments and renewal dates etc
- Advising the auditor panel on pertinent issues/areas of interest/ policy developments
- Ensuring that panel members receive the development and training they need
- Providing appropriate support to the chairperson and panel members.

*Agreed by the Auditor Panel on 21 April 2016 subject to Governing Body approval.*