**NHS Greater Glasgow and Clyde**

**Audit and Risk Committee**

**Terms of Reference**

1. **Introduction**

1.1The Terms of Reference for Standing Committees within NHS Greater Glasgow and Clyde are created in line with the approach to Active Governance ensuring effective Assurance Operating Requirements.

1.2 The Audit and Risk Committee (ARC) is established in accordance with NHS Greater Glasgow & Clyde Board Standing Orders and Scheme of Delegation and is a Standing Committee of the NHS Board.

1.3 The Standing Orders for the Proceedings and Business of the NHS Board shall apply, where relevant, to the conduct of business of all Standing Committees of the NHS Board.

1.4 The purpose of the ARC conduct of public business, and the stewardship of funds under its control. In particular, the Committee will seek to provide assurance to the Board that an appropriate system of internal control is in place to ensure that:

* Business is conducted in accordance with law and proper standards governing the NHS and its interface with partner organisations
* Public money is safeguarded and properly accounted for
* Financial Statements are prepared timeously, and give a true and fair view of the financial position of the Board for the period in question
* Reasonable steps are taken to prevent and detect fraud and other irregularities
* The Board’s overall governance framework, including risk management, which encompasses all areas within the organisation, is robust.

The ARC will support the Board and the Accountable Officer by reviewing the comprehensiveness, reliability and integrity of assurances provided to meet the assurance needs of the Board and Accountable Officer. In this context, assurance is defined as an evaluated opinion, based on evidence gained from review, on the organisation’s governance, risk management and internal control framework.

1. **Membership**

2.1 The Committee membership shall be nominated by the NHS Board Chair and be approved by the NHS Board.  Committee membership will consist of Non-Executive Board Members and the Executive Lead (when also a NHS Board Member). Other relevant members of the Executive Leadership team will be expected to attend as required. The Committee membership will be subject to review, at least annually and the allocation of Members will be recorded on the Board Members Responsibility template approved by the Board.

2.2 Other officers may be invited to attend for all or part of any meeting as and when appropriate.

2.3 The Chair of the Board shall not be a member of the Committee, but shall have the right to attend meetings. As the Committee is responsible for overseeing the regularity of expenditure by NHS Greater Glasgow and Clyde, other Board Members shall also have the right to attend. A schedule of meetings will be published, and those NHS Board members who confirm their intention to attend the meeting will be issued with papers for that meeting.

2.4 At least one member of the ARC should have recent and relevant financial experience.

1. **Arrangement for Conduct of Business**

**3.1 Chairing the Committee**

 The Chair and Vice Chair of Committees of the Board shall be nominated by the Board Chair and approved annually at the meeting of the Board in April or at a meeting to be held as soon as convenient thereafter. In the event of the Chair of the Committee being unable to attend for all or part of the meeting, the meeting will be chaired by the Vice Chair.

**3.2 Quorum**

 Meetings will be considered quorate when four Non Executive Members are present.

**3.3 Voting**

 Should a vote need to be taken, all of the voting members of the Committee shall be allowed to vote, either by a show of hands, or a ballot.

**3.4 Frequency of Meetings**

 The Audit and Risk Committee shall meet a minimum of four times per year. Additional meetings may be arranged at the discretion of the Committee Chair after consulting with the NHS Board Chair, Director of Finance, and Chief Executive.

**3.5 Declarations of Interest**

Declarations of Interest will be a standing agenda item. If any member has an interest, pecuniary or otherwise, in any matter, and is present at the meeting at which the matter is under discussion, and considers the objective test is met, they will declare that interest as requested at the start of the meeting and shall not participate in the discussions. Should the member consider that the objective test has not been met, they do not require to declare the interest and can participate in the discussion and decisions made. The Chair will have the authority to request that member to withdraw until the Committee’s consideration has been completed.

All declarations of interest will be minuted.

Any actions taken outside the meeting will be reported and minuted at the next available meeting of the Committee.

* 1. **Administrative Support**

 The Director of Finance shall be responsible for implementing appropriate arrangements within the organisation to support the effective operation of the Audit and Risk Committee. This will be by way of an Executive Group which shall provide support to the Audit and Risk Committee by ensuring that reports and relevant matters are being actioned at local level by management. It will also agree which responsible officers should be instructed to attend the Audit and Risk Committee to be responsible for an audit report. These arrangements shall be subject to review, evaluation and approval on an annual basis by the Audit and Risk Committee.

3.7 Administrative support for the Committee will be provided by a member of the Corporate Services Team.

3.8 The administrative support to the Committee will attend to take the minutes of the meeting, maintain a log of actions and a Committee Annual Cycle of Business, provide appropriate support to the Chair and Committee members, and support the preparation of an Annual Report on the work of the Committee for presentation to the Board.

3.9 The external auditor, internal auditor, Chief Executive and Director of Finance shall normally attend all meetings.

3.10 The external auditor and internal auditor shall have free and confidential access to the Chair of the Audit and Risk Committee.

3.11 The external auditor and internal auditor shall meet on at least one occasion each year with the Committee without the Director of Finance, other Executive Directors or Board staff being present. The Chair shall ensure that an accurate record is made of any conclusion reached as the result of such meeting.

3.12 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 specific matters. The Chair shall ensure that an accurate record is made of any conclusion reached as the result of such discussions.

3.13 The Audit and Risk Committee will provide the Board and the Accountable Officer with an annual report on the Board’s system of internal control, timed to support finalisation of the Annual Report and Accounts, including the Governance Statement. This report will include a summary of the Committee’s conclusions from the work it has carried out during the year.

4. Remit

4.1 The Committee shall be responsible for monitoring the Board’s corporate governance arrangements and system of internal control. This will include the following specific responsibilities.

(i) Corporate Governance, System of Internal Control, Risk Management and Arrangements for the Prevention and Detection of Fraud

 1. Overseeing the Board’s Governance arrangements, including compliance with the law, Scottish Government Health Directorates guidance or instructions, the Board’s Standing Orders, Standing Financial Instructions and Code of Conduct for Staff.

2. Evaluating the adequacy and effectiveness of the internal control environment and providing a statement annually to the Board. This evaluation will be based on the work of, and annual report of, the Internal Auditors on behalf of the committee.

3. Reviewing the assurances given in the Governance Statement. The Audit and Risk Committee may challenge

* Executives to question whether the scope of their activity delivers the assurance needed by the Board and the Accountable Officer
* Whether the assurance given is founded on sufficient, reliable evidence and whether the conclusions are reasonable in the context of the evidence

4. The Audit and Risk Committee shall be proactive in commissioning assurance work from appropriate sources if it identifies any significant risk, governance or control issue which is not being subjected to adequate review. It shall also seek to ensure that any weaknesses, identified by reviews, are remedied.

5. Oversight and monitoring of the effectiveness of arrangements for the governance of the Board’s systems for the management of risk. This includes regular review of the Corporate Risk Register and minutes of Risk Management Steering Group meetings.

6. Seek assurance from other Board committees that appropriate action is being taken to mitigate risk and implement recommendations arising from audits and inspections carried out.

7. Monitoring the effectiveness of arrangements to prevent and detect fraud and to receive regular reports on these arrangements and the levels of detected and suspected fraud.

8. Review its own effectiveness and report the results of that review to the Board and Accountable Officer.

9. Oversight of and monitoring of the Board’s systems for information governance receiving minutes and updates from the Information Governance Steering Group.

10. Oversight of claims against the Board, liability and settlement status.

11. Monitoring and scrutinising key data and information as per the Board’s Assurance Information Framework as part of Active Governance.

(ii) Standing Orders, Standing Financial Instructions and Other Governance Documentation

1. As required but at least annually, reviewing changes to the Standing Orders, Standing Financial Instructions and other governance documentation including the Fraud Policy and Code of Conduct for Staff and recommend changes for Board approval.

2. Reviewing annually (or as required) the Scheme of Delegation.

3. Examining circumstances when the Board’s Standing Orders and Standing Financial Instructions are waived.

(iii) Internal and External Audit

1. Approving the arrangements for securing an internal audit service, as proposed by the Director of Finance to the Chair of the Audit and Risk Committee.

2. Monitoring the delivery of internal audit and the annual performance of external audit.

3. Approving and reviewing internal audit plans, and receiving reports on their subsequent achievement.

4. Reviewing external audit plans, and receiving reports on their subsequent achievement.

5. Monitoring management’s response to audit recommendations, and reporting to the Board where necessary.

6. Receiving management letters and reports from the statutory external auditor, and reviewing management’s response.

7. Discussing with the external auditor (in the absence of the Executive Directors and other officers where necessary) the annual report, audit scope and any reservations or matters of concern which the external auditor may wish to discuss.

8. Ensuring that the Chief Internal Auditor and External Auditor have unrestricted access to the Chair of the Committee.

9. Ensuring co-ordination between internal and external audit.

10. Receiving and approving the internal auditor’s report on the review of property transactions monitoring and reporting the results of this review on behalf of the NHS Board to the Scottish Government Health Directorates in accordance with the NHS Scotland Property Transactions Handbook.

(iv) Annual Accounts

1. Approving changes to accounting policies, and reviewing the Board’s Annual Report and Accounts prior to their adoption by the full Board. This includes:

* Reviewing significant financial reporting issues and judgements made in the preparation of the Annual Accounts
* Reporting in the Directors’ report on the role and responsibilities of the Audit and Risk Committee and the actions taken to discharge those
* Reviewing unadjusted errors arising from the external audit
* Reviewing the schedules of losses and compensations

2. The Chair of the Audit and Risk Committee (or nominated deputy) should be in attendance at the Board meeting at which the Annual Accounts are approved.

This includes approval of the delivery of Corporate Objectives (Appendix 1) and areas as outlined in the Scheme of Delegation (Appendix 2) as approved and allocated to the Committee by the NHS Board, and any operational objectives, as required.

**5. Authority**

5.1 The Audit and Risk Committee is a Standing Committee of the NHS Board.

**6. Reporting Arrangements**

6.1 The Audit and Risk will report to the NHS Board.

6.2 The draft minutes of the ARC will be cleared by the Chair of the ARC and the nominated Director of Finance prior to distribution to the ARC for ratification at the next Committee meeting. The ratified minutes of the ARC will be presented to the NHS Board Meeting to ensure NHS Board members are aware of issues considered and decisions taken.

6.3 In addition, the NHS Board Meeting will receive a Chair’s Report, which summarises the key issues considered at the most recent meeting of the Committee.

6.4 The Chair of the Committee shall draw to the attention of the NHS Board any issues that require escalation or noting.

**7. Conduct of the Committee**

7.1 All members will have due regard to and operate within the NHS Board’s Standing Orders, Standing Financial Instructions and the Code of Conduct for Members.

7.2 The Committee will participate in an annual review of the Committee’s remit and membership, to be submitted to the NHS Board in June of each year, and more frequently if required by the NHS Board.

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| **Version Control** | **June 2023**  |
| Author: | Director of Corporate Services and Governance |
| Responsible Executive Lead: | Director of Finance  |
| Approved by: | Audit and Risk Committee  |
| Approved date: | June 2023 |
| Date for review:  | March 2024 |
| Replaces previous version:  | June 2022 |

**APPENDIX 1**

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| **Corporate Objectives Approved June 2022** |

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| **Code**  | **Corporate Objective**  | **Lead Committee** |
|  | **Better Health**  |  |
| COBH1 | To reduce the burden of disease on the population through health improvement programmes that deliver a measurable shift to prevention rather than treatment.  | Population Health and Wellbeing Committee  |
| COBH2 | To reduce health inequalities through advocacy and community planning. | Population Health and Wellbeing Committee |
| COBH3 | To reduce the premature mortality rate of the population and the variance in this between communities.  | Population Health and Wellbeing Committee |
| COBH4 | To ensure the best start for children with a focus on developing good health and wellbeing in their early years. | Population Health and Wellbeing Committee |
| COBH5 | To promote and support good mental health and wellbeing at all ages. | Population Health and Wellbeing Committee |

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| **Code**  | **Corporate Objective**  | **Lead Committee** |
|  | **Better Care** |  |
| COBC6 | To provide safe and appropriate working practices that minimise the risk of infection, injury or harm to our patients and our people. | Clinical & Care Governance Committee  |
| COBC7 | To ensure services are timely and accessible to all parts of the community we serve. | Finance, Planning and Performance Committee /Acute Services Committee  |
| COBC8 | To deliver person centred care through a partnership approach built on respect, compassion and shared decision making. | Clinical & Care Governance Committee /Acute Services Committee  |
| COBC9 | To continuously improve the quality of care, engaging with our patients and our people to ensure healthcare services meet their needs. | Clinical & Care Governance Committee/Acute Services Committee  |
| COBC10 | To shift the reliance on hospital care towards proactive and co-ordinated care and support in the community. | Finance, Planning & Performance Committee  |

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| **Code**  | **Corporate Objective**  | **Lead Committee** |
|  | **Better Value**  |  |
| COBV11 | To ensure effective financial planning across the healthcare system that supports financial sustainability and balanced budgets. | Finance, Planning & Performance Committee  |
| COBV12 | To reduce variation, improve productivity and eliminate waste through clinical engagement and a robust system of efficiency savings management. | Finance, Planning & Performance Committee  |
| COBV13 | To exploit the potential for research, digital technology and innovation to reform service delivery and reduce costs. | Finance, Planning & Performance Committee |
| COBV14 | To utilise and improve our capital assets to support the reform of healthcare. | Finance, Planning & Performance Committee |

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| **Code**  | **Corporate Objective**  | **Lead Committee** |
|  | **Better Workplace**  |  |
| COBW15 | To ensure our people are treated fairly and consistently, with dignity and respect, and work in an environment where diversity is valued. | Staff Governance Committee |
| COBW16 | To ensure our people are well informed. | Staff Governance Committee  |
| COBW17 | To ensure our people are appropriately trained and developed. | Staff Governance Committee |
| COBW18 | To ensure our people are involved in decisions that affect them. | Staff Governance Committee |
| COBW19 | To promote the health and wellbeing of our people. | Staff Governance Committee  |
| COBW20 | To provide a continuously improving and safe working environment. | Staff Governance Committee  |

**APPENDIX 2**

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| **Table 4.2 Annual Accounts and Reports** |
| **Line** | **Area of Responsibility** | **Committee Approval Required** | **Officer Responsible** | **Limits Applying** |
| 2 | Approval of NHSGGC Annual Accounts | Audit and Risk Committee to review and onwards to Board for approval | Chief Executive | In accordance with Accounts Manual |
| 4 | Preparation of Governance Statement | Audit and Risk Committee to review and onwards to Board for approval | Director of Finance  | In accordance with Accounts Manual |

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| **Table 4.3 Audit** |
| **Line** | **Area of Responsibility** | **Committee Approval Required** | **Officer Responsible** | **Limits Applying** |
| 1 | Conduct of Business and Stewardship of Funds under Board control | Audit and Risk Committee | Chief Executive | In accordance with SGHSCD requirements |
| 2 | Provision of Internal Audit Service | Audit and Risk Committee | Director of Finance | In accordance with the Public Sector Internal Audit Standards |
| 4 | Appointment of internal auditors  | Audit and Risk Committee | Director of Finance  |  |

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| **Table 4.4 Banking Arrangements** |
| **Line** | **Area of Responsibility** | **Committee Approval Required** | **Officer Responsible** | **Limits Applying** |
| 1 | Opening of Bank accounts in the Board’s name | Audit and Risk Committee | Director of Finance | N/A |
| 2 | Notification to bankers of authorised signatories on bank accounts | Audit and Risk Committee | Director of Finance | N/A |

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| **Table 5.10 Other Key Areas**  |
| **Line** | **Area of Responsibility** | **Committee Approval Required** | **Officer Responsible** |
| 2 | Standing Orders, SFIs, Scheme of Delegation and Non Exec Code of Conduct | Audit and Risk Committee to review and onwards to Board for approval | Director of FinanceDirector of Corporate Services and Governance |
| 4 | Monitoring of compliance with Whistleblowing Standards  | Audit and Risk Committee  | Director of Corporate Services and Governance |

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| **Table 4.8 Orders, Quotations and Tenders** |
| **Line** | **Area of Responsibility** | **Committee Approval Required** | **Officer Responsible** | **Limits Applying** |
| 7 | Waivers to Tender  | Audit and Risk Committee | Relevant Director:* IJB  - Chief Officer
* Acute Division – Chief Operating Officer or Directors who report to the COO
* Other Corporate Directorates including Estates & Facilities – relevant Executive Director

And Head of Procurement | Required >£10k. Additional Director of Finance sign off required in the following circumstances:* Waivers which are urgent or have no competition and are in excess of £250k
* (Waivers where the tender process was not followed the threshold for DOF approval is over £50k
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| **Table 4.14 Fraud, Losses and Legal**  |
| **Line** | **Area of Responsibility** | **Committee Approval Required** | **Officer Responsible** | **Limits Applying** |
| 2 | Writing off of losses | SGHSCDAudit and Risk Committee  | Chief Executive/ Director of Finance/ Director of Human Resources and Organisational Development/ Director of Communications and Public Engagement/ Director of Public Health/ Director of eHealth / Chief Operating Officer/ HSCP Chief Officers/ Director of Corporate Services and Governance | Individual losses over £20,000 require ARC and SGHSCD approvalWith the exception of individual losses occurring in the following exceptions where the limit is over £40,000:* Stores/ Procurement
* Fixed Assets (other than losses due to fraud/ theft)
* Abandoned Road Traffic Accident claims
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| 3 | Ex-gratia payments – Non Employees | SGHSCD Audit and Risk Committee CMT | Chief Executive/ Director of Finance/ Director of Human Resources and Organisational Development/ Director of Communications and Public Engagement/ Director of Public Health/ Director of eHealth / Chief Officer Operating/ HSCP Chief Officers/ Director of Corporate Services and Governance | Financial loss over £25,000;Extra contractual payments over £20,000;Other payments over £2,500 |
| 6 | Oversight of claims, liability and settlement status | CMTAudit and Risk Committee | Chief Executive Officer, Director of Finance and Director of Corporate Services and Governance |  |
| 7 | Oversight of settlement of legal claims and compensation payments – (clinical and non-clinical) | Audit and Risk Committee CMT | Director of Corporate Services and Governance  | Corporate Legal Managers an HOF Management Accounts - Claims up to £30,000Corporate Services Manager and Asst DOF - Claims £30,000 to £150,000Director of Corporate Services and Governance and Director of Finance - Claims £150,000 to £250,000Director of Finance, Chief Operating Officer, Chief Executive, SGHSCD - Claims £250,000 to £500,000 |

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| **Table 4.14 Fraud, Losses and Legal**  |
| **Line** | **Area of Responsibility** | **Committee Approval Required** | **Officer Responsible** | **Limits Applying** |
| 2 | Writing off of losses | SGHSCDAudit and Risk Committee  | Chief Executive/ Director of Finance/ Director of Human Resources and Organisational Development/ Director of Communications and Public Engagement/ Director of Public Health/ Director of eHealth / Chief Operating Officer/ HSCP Chief Officers/ Director of Corporate Services and Governance | Individual losses over £20,000 require ARC and SGHSCD approvalWith the exception of individual losses occurring in the following exceptions where the limit is over £40,000:* Stores/ Procurement
* Fixed Assets (other than losses due to fraud/ theft)
* Abandoned Road Traffic Accident claims
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| 6 | Oversight of claims, liability and settlement status | CMTAudit and Risk Committee | Chief Executive Officer, Director of Finance and Director of Corporate Services and Governance |  |
| 7 | Oversight of settlement of legal claims and compensation payments – (clinical and non-clinical) | Audit and Risk Committee CMT | Director of Corporate Services and Governance  | Corporate Legal Managers an HOF Management Accounts - Claims up to £30,000Corporate Services Manager and Asst DOF - Claims £30,000 to £150,000Director of Corporate Services and Governance and Director of Finance - Claims £150,000 to £250,000Director of Finance, Chief Operating Officer, Chief Executive, SGHSCD - Claims £250,000 to £500,000 |

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| **Table 4.15 Patients Private Funds and Property** |
| **Line** | **Area of Responsibility** | **Committee Approval Required** | **Officer Responsible** | **Limits Applying** |
| 7 | Approval of Patient Private Funds Annual Accounts | Audit and Risk Committee  | Director of Finance |  |