

Audit and Risk Committee

Terms of Reference

1. Constitutional Obligations

- 1.1. The Audit and Risk Committee (the Committee) is established by the Integrated Care Board for Devon (known and referred to as NHS Devon) as a Committee of the Board in accordance with its Constitution, Standing Orders and Scheme of Reservation and Delegation.
- 1.2. These Terms of Reference (ToR) which must be published on the ICB website set out the membership, remit, responsibilities and reporting arrangements of the Committee and may only be changed with the approval of the NHS Devon Board.
- 1.3. The Committee is a Non-Executive Committee of the NHS Devon Board and its members, including any who are not members of the NHS Devon Board, are bound by the Constitution, Standing Orders and Scheme of Reservation and Delegation and other policies of NHS Devon.
- 1.4. The Committee is authorised by the NHS Devon Board to:
 - a) Investigate any activity within its ToR;
 - b) Seek any information it requires within its remit, from any employee or member of NHS Devon (who are directed to co-operate with any request made by the Committee) within its remit as outlined in these ToR;
 - c) Commission any reports it deems necessary to help fulfil its obligations;
 - d) Obtain legal or other independent professional advice and secure the attendance of advisors with relevant expertise if it considers this is necessary to fulfil its functions. In doing so the Committee must follow any procedures put in place by NHS Devon for obtaining legal or professional advice;
 - e) Create task and finish sub-groups in order to take forward specific programmes of work as considered necessary by the Committee's members. The Committee shall determine the membership and ToR of any such task and finish sub-groups in accordance with NHS Devon's Constitution, Standing Orders and Scheme of Reservation and Delegation, but may /not delegate any decisions to such groups.

- 1.5. For the avoidance of doubt the Committee will comply with the NHS Devon Standing Orders, Standing Financial Instructions and Scheme of Reservation and Delegation.

2. Purpose and Responsibilities

Purpose

- 2.1 The purpose of the Committee is to contribute to the overall delivery of NHS Devon's objectives by providing oversight and assurance to the NHS Devon Board on the adequacy of governance, risk management and internal control processes within the organisation.
- 2.2 The duties of the Committee will be driven by NHS Devon's objectives and the associated risks. An annual programme of business will be agreed at the start of each financial year; however, this programme of business will be flexible to new and emerging priorities and risks.
- 2.3 The Committee has no executive powers other than those specified in these terms of reference.

Responsibilities

- 2.4 The responsibilities of the Committee are as follows:

Integrated governance, risk management and internal control

- 2.5 To review the adequacy and effectiveness of the system of integrated governance, risk management and internal control across the whole of NHS Devon's activities that support the achievement of its objectives, and to highlight any areas of weakness to the NHS Devon Board.
- 2.6 To ensure that financial systems and governance are established which facilitate compliance with Department of Health and Social Care's (DHSC's) Group Accounting Manual (GAM).
- 2.7 To review the adequacy and effectiveness of the assurance processes that indicate the degree of achievement of NHS Devon's objectives, the effectiveness of the management of principal risks.
- 2.8 To have oversight of system risks where they relate to the achievement of NHS Devon's objectives.
- 2.9 To ensure that NHS Devon acts consistently with the principles and guidance established in His Majesty's Treasury's (HMT's) Managing Public Money.
- 2.10 To seek reports and assurance from directors and managers as appropriate, concentrating on the systems of integrated governance, risk management and internal control, together with indicators of their effectiveness.

- 2.11 To identify opportunities to improve governance, risk management and internal control processes across NHS Devon.

Internal audit

- 2.12 To ensure that there is an effective internal audit function that meets the Public Sector Internal Audit Standards and provides appropriate independent assurance to the NHS Devon Board. This will be achieved by:
- a) Considering the provision of the internal audit service and the costs involved;
 - b) Reviewing and approving the annual internal audit plan and more detailed programme of work, ensuring that this is consistent with the audit needs of the organisation as identified in the assurance framework;
 - c) Considering the major findings of internal audit work, including the Head of Internal Audit Opinion, (and management's response), and ensure coordination between the internal and external auditors to optimise the use of audit resources;
 - d) Ensuring that the internal audit function is adequately resourced and has appropriate standing within the organisation; and
 - e) Monitoring the effectiveness of internal audit and carrying out an annual review.

External audit

- 2.13 To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process. In particular, the Committee will review the work and findings of the external auditors and consider the implications and management's responses to their work. This will be achieved by:
- a) Considering the appointment and performance of the external auditors, as far as the rules governing the appointment permit;
 - b) Discussing and agreeing with the external auditors, before the audit commences, the nature and scope of the audit as set out in the annual plan;
 - c) Discussing with the external auditors their evaluation of audit risks and assessment of the organisation and the impact on the audit fee; and
 - d) Reviewing all external audit reports, including to those charged with governance (before its submission to the NHS Devon Board) and any work undertaken outside the annual audit plan, together with the appropriateness of management responses.

Other assurance functions

- 2.14 To review the findings of assurance functions in NHS Devon, and to consider the implications for the governance of NHS Devon.
- 2.15 To review the work of other committees in NHS Devon, whose work can provide relevant assurance to the Committee's own areas of responsibility.

- 2.16 To review the assurance processes in place in relation to financial performance across NHS Devon, including the completeness and accuracy of information provided.
- 2.17 To review the findings of external bodies and consider the implications for governance of NHS Devon. These will include, but will not be limited to:
- Reviews and reports issued by arm's length bodies or regulators and inspectors: e.g. National Audit Office, Select Committees, NHS Resolution, Care Quality Commission (CQC); and
 - Reviews and reports issued by professional bodies with responsibility for the performance of staff or functions (e.g. Royal Colleges and accreditation bodies).
 - Reviews and reports relating to governance and board effectiveness that are periodically commissioned by the ICB
- 2.18 To assure the Board that internal governance processes fit for purpose for the purposes of maintaining a sound system of internal control and are operating effectively, through both management assurance annually, ahead of the annual governance statement sign-off) and Internal Audit assessment (annual).
- 2.19 To review the annual governance and compliance arrangements (including joint commissioning arrangements).

Counter fraud

- 2.20 To assure itself that NHS Devon has adequate arrangements in place for counter fraud, bribery and corruption (including cyber security) that meet NHS Counter Fraud Authority's (NHSCFA) standards and shall review the outcomes of work in these areas.
- 2.21 To review, approve and monitor counter fraud work plans, receiving regular updates on counter fraud activity, monitor the implementation of action plans, provide direct access and liaison with those responsible for counter fraud, review annual reports on counter fraud, and discuss NHSCFA quality assessment reports.
- 2.22 To ensure that the counter fraud service provides appropriate progress reports and that these are scrutinised and challenged where appropriate.
- 2.23 To be responsible for ensuring that the counter fraud service submits an Annual Report and Self-Review Assessment, outlining key work undertaken during each financial year to meet the NHS Standards for Commissioners; Fraud, Bribery and Corruption.
- 2.24 To report concerns of suspected fraud, bribery and corruption to the NHSCFA.

Freedom to Speak Up

- 2.25 To review the adequacy and security of NHS Devon's arrangements for its employees, contractors and external parties to raise concerns, in confidence, in relation to financial, clinical management, or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

Emergency planning, resilience and recovery

- 2.26 To undertake a scrutiny and independent assurance oversight role in relation to the effectiveness of the systems and processes in place within the ICB in relation to emergency planning resilience and recovery (EPRR), including risk assessments, action plans and tests, to ensure the ICB fulfils its category 1 responder statutory requirements.

Information Governance (IG)

- 2.27 To receive regular updates on IG compliance (including uptake & completion of data security training), data breaches and any related issues and risks.
- 2.28 To review the annual Senior Information Risk Owner (SIRO) report, the submission for the Data Security & Protection Toolkit and relevant reports and action plans.
- 2.29 To receive reports on audits to assess information and IT security arrangements, including the annual Data Security & Protection Toolkit audit.
- 2.30 To provide assurance to the NHS Devon Board that there is an effective framework in place for the management of risks associated with IG.

Financial reporting

- 2.31 To monitor the integrity of the financial statements of NHS Devon and any formal announcements relating to its financial performance.
- 2.32 To ensure that the systems for financial reporting to the NHS Devon Board, including those of budgetary control, are subject to review as to the completeness and accuracy of the information provided.
- 2.33 To review the annual report and financial statements (including accounting policies) before submission to the NHS Devon Board focusing particularly on:
- a) The wording in the Governance Statement and other disclosures relevant to the Terms of Reference of the Committee;
 - b) Changes in accounting policies, practices and estimation techniques;
 - c) Unadjusted mis-statements in the Financial Statements;
 - d) Significant judgements and estimates made in preparing of the Financial Statements;

- e) Significant adjustments resulting from the audit;
- f) Letter of representation; and
- g) Qualitative aspects of financial reporting.

Conflicts of Interest

- 2.34 The Chair of the Audit Committee will be the nominated Conflicts of Interest Guardian.
- 2.35 The Committee shall satisfy itself that NHS Devon's policy, systems and processes for the management of conflicts, (including gifts and hospitality and bribery) are effective including receiving reports relating to non-compliance with the ICB policy and procedures relating to conflicts of interest.

Management

- 2.36 To request and review reports and assurances from directors and managers on the overall arrangements for governance, risk management and internal control.
- 2.37 The Committee may also request specific reports from individual functions within NHS Devon as they may be appropriate to the overall arrangements.
- 2.38 To receive reports of breaches of policy and normal procedure or proceedings, including such as suspensions of NHS Devon's standing orders, in order provide assurance in relation to the appropriateness of decisions and to derive future learning.

3. Membership

- 3.1 Members of the Committee shall be appointed by the NHS Devon Board in accordance with the NHS Devon Constitution.

Chair & Vice Chair

- 3.2 In accordance with the NHS Devon Constitution, the Committee will be chaired by an Independent Non-Executive Member of the NHS Devon Board, appointed on account of their specific knowledge, skills and experience making them suitable to chair the Committee.
- 3.3 The Chair of the Committee shall be independent and therefore may not chair any other Committees of the NHS Devon Board. In so far as it is possible, they will not be a member of any other NHS Devon Board Assurance Committee.
- 3.4 Committee members may appoint a Vice Chair from amongst the membership of the Committee, who must be an Independent Non-Executive Member of the NHS Devon Board who has the requisite skills and experience to act in that capacity.

- 3.5 The Chair of the Committee will be responsible for agreeing the agenda and ensuring matters discussed meet the objectives as set out in these ToR.

Membership

- 3.6 The membership of the Committee shall be constituted as follows:
- Independent Non-Executive Member (Chair)
 - Independent Non-Executive Member
 - Independent Non-Executive Member
- 3.7 Neither the Chair of the NHS Devon Board, nor employees of NHS Devon will be members of the Committee.
- 3.8 Members will possess between them knowledge, skills and experience in: accounting, risk management, internal, external audit; and technical or specialist issues pertinent to NHS Devon's business.
- 3.9 Members of the Committee need not be members of the board, but they may be.
- 3.10 When deciding the membership of the committee, active consideration will be made to diversity and equality.

Other Attendees

- 3.11 Only members of the Committee have the right to attend and vote at Committee meetings; however, meetings of the Committee will also be attended by the following individuals who are not members:
- NHS Cornwall and Isles of Scilly and NHS Devon Cluster Executive with responsibility for finance
 - NHS Cornwall and Isles of Scilly and NHS Devon Cluster Corporate Governance Lead
 - Representatives of both internal and external audit
 - Individuals who lead on counter fraud matters
- 3.12 Other attendees may be invited to attend all or part of any meeting as and when the Chair of the Committee considers they have expertise that would be relevant to the responsibilities of the Committee, including representatives from health and wellbeing boards, secondary and community providers.
- 3.13 The NHS Cornwall and Isles of Scilly and NHS Devon Cluster Chief Executive Officer should be invited to attend the Committee at least annually.
- 3.14 The NHS Cornwall and Isles of Scilly and NHS Devon Cluster Chair may also be invited to attend one meeting each year in order to gain an understanding of the Committee's operations.

- 3.15 The Chair of the Committee 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.

Attendance

- 3.16 Members of the Committee may participate in meetings by telephone, video or by other electronic means where they are available and with the prior agreement of the Chair of the Committee. Participation by any of these means shall be deemed to constitute presence in person at the meeting. Members are normally expected to attend at least 75% of meetings during the year.

Access

- 3.17 Regardless of attendance, External Audit, Internal Audit, Local Counter Fraud and Security Management providers will have full and unrestricted rights of access to the Committee.

4. Quorum, Decisions and Voting

Quorum

- 4.1 For a meeting of the Committee to be quorate a minimum of 50% members (i.e., 2 members) is required, including the Chair or Vice Chair of the Committee (unless they are disqualified from participating on that item in the agenda, by reason of a declaration of conflicts of interest).
- 4.2 If any member of the Committee is unable to participate in an item on the agenda, by reason of a declaration of conflicts of interest, then that individual shall no longer count towards the quorum.
- 4.3 If the quorum has not been reached, then the meeting may proceed informally if those attending agree, but no decisions may be taken.

Decision Making and Voting

- 4.4 In line with NHS Devon's Standing Orders, it is expected that decisions will be reached by consensus. Should this not be possible, each member of the Committee will have one vote, the process for which is set out below:
- a) All members of the Committee who are present at the meeting will be eligible to cast one vote each. (For the sake of clarity, members of the Committee are set out at paragraph 3.6; attendees and observers do not have voting rights).
 - b) Absent members may not vote by proxy. Absence is defined as not being present at the time of the vote but this does not preclude anyone attending

by teleconference or other virtual mechanism from exercising their right to vote if eligible to do so.

- c) A resolution will be passed if more votes are cast for the resolution than against it.
 - d) If an equal number of votes are cast for and against a resolution, then the Chair of the Committee (or in their absence, the Vice Chair) will have a second and casting vote.
 - e) Should a vote be taken, the outcome of the vote, and any dissenting views, must be recorded in the minutes of the meeting.
- 4.5 For urgent decisions, the Chair of the Committee may call a meeting at a notice of 2 days, setting out the reason for the urgency and the decision to be taken.
- 4.6 When there is an urgent matter where a decision is required outside of the meeting (which cannot wait for the next scheduled meeting), the Chair of the Committee may make a decision after conferring with at least two other members ("Chair's Action").
- 4.7 When Chair's Action has been taken then the next quorate meeting of the Committee must ratify it. Urgent decisions will only be taken when there is insufficient time available for the decision to be delayed until the next meeting.

5. Ways of Working

- 5.1 All members of the Committee will have due regard to and operate within the Constitution of NHS Devon, its Standing Orders, Standing Financial Instructions and standards of business conduct policy.
- 5.2 Members of the Committee will abide by the 'Principles of Public Life' (The Nolan Principles) and the NHS Code of Conduct.
- 5.3 Members of the Committee must demonstrably consider the equality and diversity implications of decisions they make and consider whether any new resource allocation achieves positive change around inclusion, equality and diversity.
- 5.4 A Register of Interests will be reviewed at each Committee meeting. Those in attendance will be asked by the Chair of the Committee to declare any interests at the beginning of each meeting. If a member of the Committee feels compromised by any agenda item, they should declare a conflict of interest and agreement reached as the action to be taken as set out in the NHS Devon Conflicts of Interest Policy.

6. Reporting Arrangements

- 6.1 The Committee is accountable to the NHS Devon Board and shall report to the Board on how it discharges its responsibilities.
- 6.2 The Chair of the Committee will be responsible for ensuring that minutes of the meetings are formally recorded by the secretary and submitted to the NHS Cornwall and Isles of Scilly and NHS Devon Cluster Joint Committee/Board on behalf of the NHS Devon Board in accordance with standing orders.
- 6.3 The Chair of the Committee will provide an assurance report on behalf of the Committee to the NHS Cornwall and Isles of Scilly and NHS Devon Cluster Joint Committee / Board after each meeting on how it has discharged its responsibilities. The report shall be presented to the public meeting of the NHS Devon Board.
- 6.4 Where minutes and reports identify confidential matters, they will not be made public and will be presented at a private meeting of the NHS Devon Board.
- 6.5 The Committee shall undertake an annual self-assessment of its own performance against its annual programme of business, membership and ToR. The outcome of this self-assessment will be included within the Review of Corporate Governance reported to the NHS Devon Board on an annual basis.
- 6.6 The Committee will provide the NHS Devon Board with an Annual Report, timed to support finalisation of the accounts and the Governance Statement. The report will summarise its conclusions from the work it has done during the year specifically commenting on:
 - a) The fitness for purpose of the assurance framework;
 - b) The completeness and 'embeddedness' of risk management in the organisation;
 - c) The integration of governance arrangements;
 - d) The appropriateness of the evidence that shows the organisation is fulfilling its regulatory requirements; and
 - e) The robustness of the processes behind the quality accounts.

7. Meetings and Administration

Frequency of Meetings

- 7.1 The Committee will meet in private at least four times a year. Additional meetings may take place as required.
- 7.2 The NHS Devon Board, Chair or Chief Executive Officer may ask the Committee to convene further meetings to discuss particular issues on which they want the Committee's advice.

- 7.3 The External Auditor, or Head of Internal Audit, may also request a meeting should they consider one necessary.
- 7.4 At least once a year the committee will meet privately with the external and internal auditors.
- 7.5 Arrangements and notice for calling meetings are set out in the NHS Devon Standing Orders.
- 7.6 In line with the standing orders, the committee may meet virtually when necessary and members attending using electronic means will count towards the quorum.

Administration

- 7.7 The Committee shall be supported by an administrator from within the NHS Cornwall and Isles of Scilly and NHS Devon Cluster Corporate Governance Team. Their duties in this respect will include:
 - a) Agreement of agendas with the Chair and attendees.
 - b) Preparation, collation and circulation of papers in good time.
 - c) Ensuring that those invited to each meeting attend, highlighting any concerns to Chair (including interests of members that may conflict with an agenda item).
 - d) Taking the minutes and helping the Chair to prepare reports to the NHS Cornwall and Isles of Scilly and NHS Devon Cluster Joint Committee/Board.
 - e) Keeping a record of matters arising and issues to be carried forward.
 - f) Maintaining records of members' appointments and renewal dates.
 - g) Ensuring that action points are taken forward between meetings.
 - h) Ensuring that members receive the development and training they need.
 - i) Providing appropriate support to the Chair and members.
- 7.8 Following each meeting of the Committee, the administrator will:
 - a) Maintain an attendance log and follow up as appropriate after each meeting to ensure the Committee adheres to the required frequency of attendance by members.
 - b) Maintain a decisions log of reporting arrangements into each formal meeting of the Committee.
 - c) Maintain a log of summary written reports provided to the NHS Cornwall and Isles of Scilly and NHS Devon Cluster Joint Committee/Board from formal meetings of the Committee.

Document Control

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Senior Responsible Officer	Philippa Harding, Director of Governance
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Change Record

Date	Change	Comments
27.03.2025	Members and Attendees Update	Amendment of Company Secretary to Director of Governance. Removal of Co-opted member. Removal of responsibilities in respect of communication.
28.08.2025	Alignment with NHS CIOs Audit Committee ToR	Minor amendments to align with the Terms of Reference of the NHS Cornwall and Isles of Scilly Audit Committee, to facilitate meetings of the Committee in Common as part of Cluster arrangements.