**AUDIT AND CORPORATE GOVERNANCE COMMITTEE (ACGC)**

**TERMS OF REFERENCE**

1. **Purpose**

The CQC Board has established the ACGC as a Committee of the Board to support them in their responsibilities for issues of risk, control and governance by reviewing the comprehensiveness of assurances in meeting the Board and Accounting Officer’s assurance needs and reviewing the reliability and integrity of these assurances.

1. **Role and Scope**

ACGC will advise the Board and Accounting Officer on the:

* strategic processes for management of corporate risk, controls and corporate governance and the Governance Statement (in doing so it will refer to the work of RGC in respect of the regulatory aspects of CQC’s business);
* accounting policies, the accounts, and the annual report of CQC, including: performance indicators; the process for review of the accounts prior to submission for audit; levels of error identified; and management’s letter of representation to the external auditors;
* planned activity and results of both internal and external audit;
* adequacy of management response to issues identified by audit activity, including external audit’s management letter;
* proposals for tendering either internal or external audit services or for purchase of non-audit services from contractors who provide audit services;
* CQC and Health Watch England’s (HWE) procedures for detecting fraud and for the prevention of bribery including arrangements for special investigations.
1. **Responsibilities**

In addition to the responsibilities included in Role and Scope above, ACGC will:

 *Internal Controls and Corporate Risk management and Governance systems*

* Keep under review the effectiveness of the CQC’s internal financial controls and internal controls and risk management systems and review and approve the statements to be included in the annual report which include internal controls and risk management;
* Keep under review the Corporate Governance Framework, ensuring it is regularly reviewed to ensure the structures (eg Board committees), processes (eg risk management and assurance) and roles (eg SIRO (Senior Information Risk Owner), Caldicott Guardian) support the effective implementation and development of open and transparent corporate governance across the organisation;
* Review the approach to the delegation of authority within the CQC as expressed in the CQC Scheme of Delegation and make recommendations for any amendments to the Board;

*Value for Money*

* Keep under review how management gain assurance on value for money in CQC’s work: economy; efficiency; and effectiveness;

*Counter Fraud and Bribery and Information Security*

* Receive an annual report on fraud and irregular activity;
* Be advised on a timely basis by the Executive Director Corporate Services of any active investigations and receive reports on non-compliance in relation to CQC and HWE;
* Receive an annual report on information security risk management and any breach of information security;

 *Ensuring Probity*

* Receive reports concerning any waiver of competitive tendering requirements;
* Receive reports of instances where the CQC or HWE Standing Financial Instructions have been waived or varied under delegated powers;
* Review at least annually the Losses and Special Payments Register and otherwise consider reports on specific losses referred to in Standing Financial Instructions and make recommendations to the Board:
* Have oversight of the policy, monitoring and handling of ‘speaking up’ (whistleblowing) cases and concerns where there is relevance to corporate governance.

The Committee will consider the effectiveness of the Internal Audit function.

ACGC will also periodically review its own effectiveness and report the results of that review to the Board.

1. **Governance**

ACGC is a committee of the CQC Board; the Board approves the Committee’s Terms of Reference. ACGC operates within the CQC’s Scheme of Delegation.

1. **Accountability**

ACGC is accountable to the CQC Board and the Accounting Officer.

The Chair of ACGC will be accountable for ensuring that the recommendations by the committee to the Board reflect appropriate consideration of:

1. Corporate priority
2. User involvement
3. Staff development
4. Equality, diversity and human rights
5. Resources (including IT)
6. Value for Money
7. Evaluation
8. Public Reporting
9. Environmental considerations
10. Legal considerations
11. Risks/interdependencies
12. **Reporting Relationships**

Following each Committee meeting, the Committee Chair will present a written report to the Board and Accounting Officer informing it of the Committee’s actions and detailing any recommendations to the Board.

The committee shall provide to the Board and Accounting Officer an Annual Report, timed to support finalisation of the accounts and the Governance Statement, summarising the conclusions from the work it has done during the year.

1. **Interconnections with Board and/or other Committees**

The work of ACGC should align with the Regulatory Governance Committee, the People and Values Committee and the Healthwatch England Audit and Risk Committee (ARC).

*Regulatory Governance Committee (RGC)*

The responsibilities of the RGC include “to review the risk, control and assurance processes for all risks associated with delivering regulatory activity, so being able to assure the Board that the surveillance model is robust, making possible an effective inspection programme that provides public confidence in the work of the CQC”.

While ACGC retains oversight of the full internal audit programme, areas of the internal audit programme that focus specifically on regulatory decision-making shall be for oversight and review by the Regulatory Governance Committee.

Alignment between ACGC and RGC will assisted by a member of ACGC (currently the Chair) sitting on RGC, and by a member of RGC (again currently the Chair) sitting on ACGC.

*Healthwatch England (HWE) ARC*

HWE is constituted as an independent committee of CQC and the Accounting Officer for CQC is also the AO for HWE. The costs of HWE centre are included in the accounts of CQC. Arrangements have been made for the HWE committee to exercise most governance aspects of HWE including their own Audit and Risk Committee that has similar responsibilities in relation to HWE as to those of ACGC for CQC as a whole.

Alignment of ACGC and HWE is assisted by a member of HWE ARC (currently its chair) sitting on ACGC and by ACGC having a separate part of its meeting focussed on HWE at least once a year.

*People and Values Committee (PVC)*

PVC will provide updates where appropriate to ACGC and RGC.

1. **Evaluation**

The criteria for success will be:

* The provision of effective advice on assurance to the Board on CQC’s corporate risk management, financial controls and corporate governance systems;
* Timely and effective advice on action to address identified deficiencies in governance;
* Effective alignment with RGC and PVC.
1. **Constitutional matters**
2. ***Membership***

The Chair should be a non-executive CQC Board Member.

At least two other members should be non-executive members of the CQC Board, one of whom should be a member of the Regulatory Governance Committee.

At the discretion of the Accounting Officer, The Healthwatch England Committee may be asked to nominate a member to the ACGC.

The Board may appoint or co-opt independent external members. Any co-opted or independent Member will have the same rights and responsibilities as any other Committee member but may not serve as Chair of the Committee.

At least one member of the committee must be a professionally qualified Accountant. The CQC Chair and Healthwatch England Chair may not be Members of ACGC.

Members of the Committee will be appointed by the Chair of the Board and the Accounting Officer, usually initially for a two year term. Reappointments will be approved by the Board.

1. ***Quorum***

The quorum for a meeting is a minimum of two members, one of whom should be the Chair. The Chair will nominate a deputy to act as chair should s/he be unable to attend a meeting.

1. ***In attendance***

The Head of Internal Audit, and other Internal Audit staff as necessary, will attend for all or part of the meeting. Representatives of the National Audit Office and external auditors will attend for all or part of the meeting. Representatives of the Department of Health sponsorship branch will attend for all or part of the meeting. The Executive Director of Customer and Corporate Services, the Director of Finance, Commercial and Infrastructure and the Board Secretary will normally attend for all or part of the meeting. Other staff members and external advisors will attend as necessary for all or part of the meeting.

1. ***Support arrangements***

A member of the Secretariat will act as the Secretary to the Committee.

1. ***Notice and minutes of meetings***
* Unless otherwise agreed, notice of each meeting will be forwarded to each member of the Committee, no later than five working days before the date of the meeting. Supporting papers will be sent to the Committee members and to other attendees, as appropriate, at the same time;
* The Committee Secretary will write minutes, including the key points and decisions of all committee meetings. The minutes of the previous meeting must be approved by the Chair;
* The Chair will establish, at the beginning of each meeting, the existence of any conflicts of interest;
* The minutes of the committee meetings will be circulated promptly to all members of the Committee.

vi. ACGC may procure specialist ad-hoc advice at the expense of CQC, subject to budgets agreed by the Board

vii. The Head of Internal Audit and the representative of External Audit will have free and confidential access to the Chair of ACGC

1. **Frequency or Pattern of Meetings**

The Committee will meet at least four times a year. At least one of those meetings will be in two parts: Part One dedicated to CQC matters and Part Two dedicated to HWE matters.

Additional meetings shall be arranged by the Secretary of the Committee as required by the Chair.

**Annexe on Functionality and Conduct of Meetings**

The following guidelines for best practice in conduct of meetings apply equally to the Board, Executive Team and their sub-committees and are annexed to all terms of reference.

ACGC meetings need to function in a purposeful, effective and efficient manner, and all Committee members have a responsibility to contribute to this objective. The following guiding principles for conduct of meetings will apply:

1. Meetings will start and finish on time;
2. Meetings will work to time-allocated agendas;

iii. Meetings will be supported by clear and succinct papers (guideline: 4 pages maximum), always including: an Executive Summary; stated purpose; and the decision/action required;

iv. Drafters of papers should ensure their papers are fully ready for Committee deliberation before submitting them;

v. Papers must be submitted by the established deadline of 5 working days before each meeting. Papers missing this deadline are carried forward to the subsequent meeting;

vi. In concluding an agenda item, the Chair summarises the decision required and taken; the matter is not then re-opened;

vii. Unnecessary iterations (‘looping’) are avoided: papers are ideally taken only once, and discussion does not reiterate points already made;

viii. Fragmentation and/or duplication of effort in the drafting process is avoided through very clear allocation of drafting and approval responsibilities.