

Health Professions Council - 13 December 2007

Revised terms of reference for the Audit Committee

Executive summary and recommendations

### **Introduction**

At its meeting on 25 September 2007, the Audit Committee discussed its standing orders and terms of reference and agreed the following points:

- the terms of reference should be redrafted for the Chairman to hold formal meetings with the Accounting Officer and the Director of Finance bilaterally, at least once a year;
- the terms of reference should be redrafted for the Chairman to hold formal meetings with PKF, Baker Tilly and the National Audit Office;
- the standing orders should be redrafted to set out the frequency of meetings (a minimum of four meetings per year, with additional meetings as agreed by the Committee).

The Audit Committee will consider the revised the standing orders and terms of reference at its meeting on 5 December 2007. The draft for consideration by the Audit Committee is attached to this paper. Amendments are indicated in bold italic print. The outcome of the Audit Committee's discussions on 5 December 2007 will be reported to Council verbally.

### **Decision**

The Committee is asked to discuss and agree the proposed revisions and any additional revisions agreed at the Audit Committee on 5 December 2007.

### **Background information**

Minutes of the meeting held on 25 September 2007 (items 13 and 14).

In addition to the amendments requested by the Audit Committee standing order 3(1) has been amended to reflect the wording of the Companies Act 2006 and standing order 14 has been added, for clarification of the Chairman's role.

### **Resource implications**

None.

**Financial implications**

none

**Appendices**

Draft standing orders

**Date of paper**

3 December 2007

<b>Date</b>	<b>Ver.</b>	<b>Dept/Cmte</b>	<b>Doc Type</b>	<b>Title</b>	<b>Status</b>	<b>Int. Aud.</b>
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## **Audit Committee**

### **STANDING ORDERS**

*These Standing Orders establish the basic rules about how the Audit Committee conducts its proceedings.*

*Unless the context otherwise requires, terms used in the Standing Orders have the same meaning as in the Health Professions Order 2001 (the 2001 Order).*

*Where a procedural point arises which is not covered by either the Standing Orders or the 2001 Order, the common law rules concerning the conduct of meetings will apply.*

#### **Audit Committee**

1. The Audit Committee (the Committee) is a sub-committee of the Council.
2. The terms of reference of the Committee are:
  - (1) to advise the Council on the appointment of internal and external auditors;
  - (2) to approve internal and external audit programmes and fees;
  - (3) to review the external auditors' management letters and any other reports and to report on these to the Council as appropriate;
  - (4) to receive reports on the internal audit work plan and to consider appropriate action arising from them;
  - (5) to review the Council's annual report and accounts and to make recommendations to the Council as appropriate ;
  - (6) to consider whether risk management processes are adequate for all risks to which the Council is exposed and to approve or, where the Committee considers that significant policy issues are involved, to recommend that the Council approve measures to eliminate or mitigate against them;
  - (7) at the request of the Council, to advise it on matters of corporate governance (but without prejudice to the Committee's power to make recommendations to the Council on corporate governance issues arising from the work of the auditors).

## Membership

3. The Committee shall comprise not more than six members appointed by the Council, subject to the following:

- (1) at least one member of the Committee must be an accountant who is ~~qualified to be appointed as a company auditor under the Companies Acts~~ **eligible for appointment as a statutory auditor under section 1212 of the Companies Act 2006**; and
- (2) no member of the Committee may also be a member of the Finance and Resources Committee of the Council.

## Meetings

4. The Committee shall meet in ordinary session (Ordinary Meeting) at such times as the Committee shall decide **but subject to following requirements:**

- (1) **the Committee shall hold Ordinary Meetings at least twice a year;**
- (2) **the Committee shall hold one Ordinary Meeting each year which the Registrar (as Accounting Officer) and the Director of Finance shall be invited to attend in order to assist the Committee in its review of the Council's annual report and accounts for the previous year; and**
- (3) **the Committee shall either:**
  - (a) **hold at least one Ordinary Meeting each year which the internal and external auditors (including the National Audit office) shall be invited to attend in order to assist the Committee in its review of the work of the auditors; or**
  - (b) **delegate the holding of any such meeting to the Chairman but, in that event, the Secretary shall attend the meeting and present a record of the meeting to the next Ordinary Meeting of the Committee.**

5. In addition to Ordinary Meetings, a special session of the Committee (Special Meeting) may be convened by the Secretary upon receipt of a written request setting out the details of the business to be transacted at that meeting from the Chairman or a quorum of members of the Committee.

6. A Special Meeting shall take place within 14 days of the Secretary receiving the request for the meeting to be held.

## Notice of Meetings

7. The Secretary shall give members not less than seven days written notice of a meeting and the notice shall set out the time and place of, and agenda for, that meeting.
8. Failure to send notice of a meeting to a member shall not invalidate the proceedings of that meeting.

## The Chairman and Vice Chairman

9. The Council shall appoint one of its members to be the Chairman of the Committee and the person appointed shall serve as Chairman for a period of two years (but shall be eligible for re-appointment).
10. The Chairman shall preside at any meeting of the Committee.
11. The Council may appoint a member to be Vice Chairman of the Committee to preside at any meeting of the Committee at which the Chairman is absent and the person appointed shall serve as Vice Chairman for a period of two years (but shall be eligible for re-appointment).
12. If the Chairman and Vice Chairman are absent from, or otherwise unable or unwilling to preside at, a meeting the members present shall, as the first business of the meeting, elect one of their number to preside at that meeting.
13. In these Standing Orders references to the Chairman include the Vice Chairman or any other member presiding at a meeting in place of the Chairman.
14. ***The Chairman, or the Vice Chairman in his absence, may contact the internal and external auditors to discuss issues within the Committee's terms of reference but shall report on all such discussions to the next meeting of the Committee.***

## Quorum

15. The quorum at any meeting of the Committee ***(other than a meeting held by the Chairman in accordance with Standing Order 4(3)(b))*** shall not be less than half the members of the Committee for the time being.
16. If a quorum is not present within 15 minutes of the time appointed for a meeting to commence, all business which should have been transacted at that meeting shall stand over until the next Ordinary Meeting and shall take precedence over the business of that Ordinary Meeting, unless a Special Meeting is called in the meantime for the transaction of that business.

## **Minutes**

17. The Secretary shall keep minutes of each meeting which shall include a record of the members in attendance at that meeting.
18. At each meeting the minutes of the preceding meeting shall be confirmed (or confirmed as amended) and be signed by the Chairman as a true record of that meeting.
19. The signed minutes of a meeting shall, unless the contrary is proved, be conclusive proof of the proceedings at that meeting.

## **The Secretary**

20. The Registrar shall appoint an officer or employee of the Council to act as secretary to the Committee and in these Standing Orders references to the Secretary mean the person so appointed.

## **Conduct of meetings**

21. The order of business at a meeting shall follow that set out in the agenda unless it is varied by the Chairman with the consent of the Committee.
22. A member may only initiate a debate or move a motion on a matter which is not on the agenda with the consent of the Committee.
23. Subject to Standing Order 15 meetings shall start at the time set out in the notice of meeting and shall normally continue until all the business on the agenda has been disposed of but the duration of a meeting may only exceed three hours with the consent of the Committee.
24. The Chairman may, with the consent of the Committee, adjourn a meeting, but no business shall be transacted at an adjourned meeting other than the business which had not been disposed of when the adjournment took place.
25. If a meeting is adjourned for more than seven days (but not otherwise) notice of the adjourned meeting shall be given as if it was an Ordinary Meeting.

## **Voting**

26. Any question at a meeting shall be decided by a majority of the members present and voting by a show of hands.
27. In the event of any equality of votes, the Chairman shall be entitled to an additional casting vote.

## **Rules of Debate**

28. A member must speak to the subject under discussion. The Chairman may call attention to any irrelevance, repetition, unbecoming language, or

breach of order on the part of a member and, where the member persists in that conduct, may direct that member to cease speaking.

29. A ruling by the Chairman on any question of order, whether or not provided for by the Standing Orders, shall be final and shall not be open to debate.

### **Disorderly Conduct**

30. The Chairman may order a member to withdraw from a meeting if, in the opinion of the Chairman, that member has persistently disregarded the ruling of the Chairman or is behaving improperly, offensively or in a manner which is obstructing the business of the meeting.
31. In the event of a general disturbance which, in the opinion of the Chairman, prevents the orderly conduct of business, the Chairman may adjourn the meeting for such period as the Chairman consider appropriate.

### **Members' education, training and performance**

32. The Council shall establish standards of education and training for members and, as part of those standards, shall provide for members to undergo training to assist them in their performance of their duties.
33. The Council shall establish standards of attendance and performance for members, including a system of annual performance appraisal.
34. Members shall comply with the standards established by the Council under Standing Orders 31 and 32 and shall not, without reasonable excuse, refuse to participate in the training or appraisal processes.

### **Codes of conduct**

35. Members shall comply with the Code of Conduct adopted by the Council and with the seven principles of public life established by the Committee on Standards in Public Life (the Nolan Principles)

### **Interests of members**

36. Members shall make a declaration of their personal interests in accordance with the Members' Interests Registration Scheme established by the Council and shall be under a duty to ensure that the details of their interests set out in the Register of Members' Interests maintained by the Council are accurate and up to date.
37. A member who has a personal interest in any matter under consideration at a meeting, whether or not declared in the Register of Members' Interests, shall promptly disclose that interest to the meeting and, unless the Committee determines otherwise, the member shall withdraw from the meeting until the Committee has concluded its consideration of that matter.

## **Attendance and Other Allowances**

38. Claims for payments, attendance allowances or expenses shall be made by members strictly in accordance with the Members' Payments Scheme approved by the Council.

## **Tenure of members**

39. A person shall cease to be a member of the Committee if:
- (1) having been appointed by virtue of being a member of the Council, he ceases to be a member of the Council for any reason;
  - (2) he ceases to live or work wholly or mainly in the United Kingdom;
  - (3) having been appointed by virtue of his qualifications or experience in a particular field, those qualifications or experience are no longer regarded by the Council as being of value to the Committee in the performance of its functions;
  - (4) an order has been made against him by a Practice Committee of the Council;
  - (5) he is removed by the Council because serious and persistent deficiency in his attendance at meetings or in his conduct or performance at meetings, or because of his failure to comply with Standing Order 33; or
  - (6) he is appointed as a member of the Finance and Resources Committee of the Council.
40. Before taking any action to remove a member of the Committee the Council shall send a notice to that member:
- (1) setting out the grounds on which the member is liable to be removed from office;
  - (2) informing the member that the Council proposes to consider those grounds and that the member has a right to be heard before the Council; and
  - (3) providing the member with 14 days in which to respond.
41. Where, following the service of a notice under Standing Order 39, a member responds expressing a wish to be heard by the Council, the Registrar shall convene a meeting of the Council to determine whether or not to remove that member from the Committee.
42. The procedure in Standing Orders 39 and 40 shall not apply in respect of a person who has ceased to be a member of the Committee by virtue of Standing Order 38(1) or (4).

### **The Registrar, officers and advisers**

43. The Registrar shall be entitled to attend and speak at meetings of the Committee at the invitation of the Committee.
44. The Secretary or any other person advising on the business before a meeting of the Committee (including advising the Chairman on issues of order) may attend and, with the consent of the Chairman, speak at that meeting.

### **Suspension of Standing Orders**

45. A Standing Order may be suspended with the consent of the Committee.

### **Public access to meetings**

46. Meetings of the Committee shall be open to the public unless the business under consideration concerns:
  - (1) information relating to a registrant, former registrant or applicant for registration;
  - (2) information relating to an employee or office holder, former employee or applicant for any post or office;
  - (3) the terms of, or expenditure under, a tender or contract for the purchase or supply of goods or services or the acquisition or disposal of property
  - (4) negotiations or consultation concerning labour relations between the Council and its employees;
  - (5) any issue relating to legal proceedings which are being contemplated or instituted by or against the Committee or the Council;
  - (6) action being taken to prevent or detect crime or to prosecute offenders;
  - (7) the source of information given to the Committee in confidence; or
  - (8) any other matter which, in the opinion of the Chairman, is confidential or the public disclosure of which would prejudice the effective discharge of the Committee's or Council's functions.

~~March 2007~~

## **The Seven Principles of Public Life**

### **Selflessness**

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

### **Integrity**

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.

### **Objectivity**

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

### **Accountability**

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

### **Openness**

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

### **Honesty**

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

### **Leadership**

Holders of public office should promote and support these principles by leadership and example.