

## **Terms of Reference**

### **Audit, Risk and Assurance Committee**

The Board and Accountable Officer have established an Audit, Risk and Assurance Committee as a Committee of the Board to support in their responsibilities for issues of risk, control and governance and associated assurance through a process of constructive challenge.

#### **Membership**

Membership will comprise:

- 3 non-executive directors.
- In addition, subject to Board Chair and Accountable Officer approval, additional members may be co-opted onto the committee, for a period of time, initially 1 year with the ability to extend for a further year, to provide specialist skills, knowledge and experience that the committee need at a particular time.

The Committee Chair will be selected from Board Members by the Chair of the Board.

The committee will be provided with a secretariat function by the Executive Assistant to the CEO.

#### **Reporting**

- The committee will formally report in writing to the Board and Accountable Officer after each meeting. A copy of minutes of the meeting may form the basis of the report.
- The committee will provide the Board and Accountable Officer with an Annual Report, timed to support finalisation of the accounts

and the governance statement, summarising its conclusions from the work it has done during the year.

## **Responsibilities**

The committee will advise the Board and Accountable Officer on:

- the strategic processes for risk, control and governance and the governance statement;
- The accounting policies, the accounts, and the annual report of the organisation, including 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;
- the planned activity and results of both internal and external audit;
- the adequacy of management response to issues identified by audit activity, including external audit's management letter/report;
- the effectiveness of the internal control environment;
- assurances relating to the corporate governance requirements for the organisation;
- anti-fraud policies, whistle-blowing processes, and arrangements for special investigations.

The Audit, Risk and Assurance Committee will conduct its business with reference to the Scottish Government Audit Committee Handbook, including reviewing its own effectiveness annually and reporting the results of that review to the Board and Accountable Officer.

## **Rights**

The committee may:

- procure specialist ad-hoc advice at the expense of the organisation, subject to budgets agreed by the Chair and Accountable Officer.

## **Access**

The Head of Internal Audit and the representative of External Audit will have free and confidential access to the Chair of the Committee. At least once each year, the Committee will meet with the External Auditor, and Internal Auditor without staff being present.

## **Meetings**

The procedures for meetings are:

- the committee will meet at least three times a year. The Chair of the Committee may convene additional meetings, as he/she deems necessary;
- a minimum of (2) members of the committee will be present for the meeting to be deemed quorate;
- committee meetings will normally be attended by the Accountable Officer, the Head of Corporate and/or the Finance Governance and Business Manager; a representative from Internal Audit, and a representative of External Audit;
- the Chair of the OSCR Board may attend Audit Risk and Assurance committee meetings, but will not be a Member.
- the committee may ask any other officials of the organisation to attend to assist it with its discussions on any particular matter;

- 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;
- the Board Chair or Accountable Officer may ask the committee to convene further meetings to discuss particular issues on which they want the committee's advice.

### **Information requirements**

For each meeting the committee will be provided with:

- a report summarising any significant changes to the organisation's Risk Register;
- a progress report from Internal Audit summarising:
  - work performed (and a comparison with work planned);
  - key issues emerging from Internal Audit work;
  - management response to audit recommendations;
  - significant changes to the audit plan;
  - any resourcing issues affecting the delivery of Internal Audit objectives;
- a progress report from the External Audit representative summarising work done and emerging findings.

As and when appropriate, the committee will also be provided with:

- business update reports from the Accountable Officer;
- the Charter / Terms of Reference of the Internal Audit Directorate;
- the Internal Audit Strategy;
- the annual Internal Audit Plan
- the Head of Internal Audit's Annual Opinion and Report;

- o quality assurance reports on the Internal Audit function;
- o the draft accounts of the organisation;
- o a report on any changes to accounting policies;
- o External Audit's management letter/report;
- o a report on any proposals to tender for audit functions;