

Audit & Risk Assurance Committee Terms of Reference v3 Nov 2022

Under the Corporate Governance Code in Central Government, Boards are tasked with setting the organisation's risk appetite and ensuring that a framework of governance, risk management and control is in place to manage risk within this. The Audit and Risk Assurance Committee (ARAC) plays a crucial role in supporting the Board to meet these obligations.

The ARAC will support the Board and Accounting Officer by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of financial statements and the financial report.

AUTHORITY

The ARAC is a Committee of the Board and is authorised to undertake any activity within its terms of reference or specifically delegated to it by the Board.

The ARAC has the authority to require any member of the Trust to report on the management of risk or control environment within their areas of responsibility.

The ARAC has no executive powers or operational responsibilities/duties.

Membership

Membership will comprise of a minimum of three Trustees with the Committee empowered to co-opt members for a period of time (not exceeding a year, and with the approval of the Board) to provide specialist skills, knowledge and experience at a particular time; and procure specialist advice on an ad-hoc basis to support them in relation to particular pieces of committee business.

The Committee should have a good understanding of the objectives and priorities of the Trust and possess the requisite knowledge and skills to effectively engage with and challenge it, as follows:

- Governance, Risk and Control
- Qualified accountant with relevant financial experience
- Knowledge or experience of the organisation and its operating environment

The Membership and Chair of the committee will be confirmed each year by the board.

It is also expected that the Accounting Officer, Finance Director, Head of Internal Audit, Head of Governance and External Audit representative will also be regularly invited. The ARAC may ask any other officials of the organisation to attend to assist it with its discussions on any particular matter.

A clerk / secretary to the Committee will also be appointed.

The members of the Audit and Risk assurance Committee are:

- Non-executive Board trustees: Andrew Winters, Barbara Nicholas, Tracey Dennison
- the Audit and Risk Assurance Committee will be chaired by Andrew Winters
- the Audit and Risk Assurance Committee will be provided with a secretariat function

Meetings

The ARAC will meet at least three times per year. The Chair of the ARAC may convene additional meetings, as they deem necessary.

The meeting will be considered quorate with two members present.

The ARAC may ask any or all of those who normally attend but who are not members to withdraw to facilitate open discussion of particular matters.

The Board or the Accounting Officer may ask the ARAC to convene further meetings to discuss particular issues on which they want the Committee's advice.

Responsibilities

The ARAC will advise the Board and Accounting Officer on:

- the strategic processes for risk management, internal control and governance
- the Annual Report of the Trust 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 **[nb. financial governance will be the responsibility of the Finance Committee]**
- the planned activity and results of both internal and external audit
- adequacy of management response to the issues identified by audit activity, including external audit's management letter
- assurances relating to the management of risk and corporate governance requirements for the organisation
- (where appropriate) proposals for tendering for either Internal or External Audit services or for purchase of non-audit services from contractors who provide audit services
- anti-fraud policies, whistle-blowing processes, and arrangements for special investigations
- periodically review its own effectiveness and report the results of that to the Board, including how it has discharged its responsibilities.

Access

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

Information Requirements

For each meeting the ARAC will be provided (one calendar week ahead of the meeting) with:

- A report summarising any significant changes to the Trust's strategic risks and a copy of the strategic Risk Register
- A progress report from the Head of Internal Audit
- Management Assurance reports
- Reports on major incidents, "near misses" and lessons learned
- Summary reports on whistle blowing, fraud and special investigations

Reporting

Minutes and a verbal update on ARAC's work will be presented to the board after each meeting.

The ARAC will provide the Board and Accounting Officer with a report, timed to support finalisation of the accounts and the Governance Statement, summarising its conclusions from the work it has done during the year and the significant issues that the audit committee considered relating to the financial statements, and how these issues were addressed.