**Audit and Risk Assurance Committee**

**Draft Terms of Reference**

**Constitution**

The Accounting Officer of The Commissioner for Children and Young People for Northern Ireland, the Commissioner, hereby resolves to establish a Committee of the Board to be known as the Audit and Risk Assurance Committee. This Committee will operate in accordance with the principles enshrined within “Managing Public Money Northern Ireland”.

**Purpose**

The Role of the Audit and Risk Committee is to advise the Commissioner (acting as Accounting Officer and Board) by reviewing the comprehensiveness and reliability of assurance on governance, risk management, the control environment and the integrity of financial statements and the annual report.

**Membership**

The Committee shall be appointed by open recruitment and shall consist of not less than 3 independent members, one of whom will be Chair.

Each member will be appointed for a term of three years with the possibility of renewal for one further term.

Each member will have a good understanding of the objectives and priorities of NICCY and meet the requirements of the competency framework (see appendix 1). A quorum shall be 2 independent members.

The appointed members are Julie Erskine (Chair), Joe Campbell and JP Irvine. Members are appointed for a term of 3 years which commenced in April 2013.

NICCY provides the Secretariat to the Committee.

ARAC may co-opt members for a period not exceeding a year to provide specialist skills, knowledge and experience; and procure specialist ad-hoc advice at the expense of the organisation, subject to budget agreed by the Accounting Officer.

**Responsibilities**

The Audit and Risk Assurance Committee will advise the Commissioner 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 by the External Auditors;
* the planned activity and results of both Internal and External Audit;
* adequacy of management’s response to issues identified by audit activity i.e. internal and external audits;
* assurances relating to the management of risk and corporate governance requirements for the organisation;
* proposals for tendering as requested;
* anti-fraud policies, whistle-blowing processes, and arrangements for special investigations; and
* the Audit and Risk Assurance Committee will also periodically review its own effectiveness and report on the results.

##### Meetings

Meetings shall be held quarterly i.e. 4 times per annum or more if considered necessary. The External Auditor or representative of Internal Audit may request a meeting if they consider that one is necessary.

2 independent members of the Audit and Risk Assurance Committee must be present for the meeting to be deemed quorate;

Alongside independent members, the following shall normally attend meetings: the Commissioner, the Chief Executive, the Finance Officer, a representative from the Internal Audit team, a representative of the External Auditors, and a representative from the Sponsor Department. However, at least once a year the Committee Members will meet with the External and Internal Auditors without any Officers present.

The Audit and Risk Assurance Committee may ask any other Officials of the organisation to attend to assist it with its discussions on any particular matter.

The Audit and Risk Assurance Committee may request any or all of those who normally attend, to withdraw (except the Commissioner) to facilitate open and frank discussion of particular matters; and

The Commissioner may ask the Audit and Risk Assurance Committee to convene further meetings to discuss particular issues on which s/he wants the Committee’s advice.

**Information requirements**

The following papers and reports will be provided to each member of ARAC in the agreed format at least 5 working days prior to the meeting:

* An agenda (template agenda – appendix 2)
* Minutes and progress of action points of previous meeting;
* A report summarising any significant changes to the organisation’s strategic risks and a copy of the Corporate Risk Register;
* A progress report (written/verbal) from the External Audit representative summarising work done and emerging findings (this may include, where relevant to the organisation, aspects of the wider work carried out by the NIAO, for example, Value for Money reports and good practice findings);
* Any management assurance reports; and
* Reports on the management of major incidents, “near misses” and lessons learned;
* Reports on fraud, complaints or whilstleblowing incidents;

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

* Proposals for the terms of reference of Internal Audit;
* The Internal Audit Strategy;
* A progress report from the Internal Audit summarising:
  + Work performed (and a comparison with work planned);
  + Key issues emerging from the work of internal audit;
  + Management response to audit recommendations;
  + Changes to the agreed Internal Audit Plan; and
  + Any resourcing issues affecting the delivery of the objectives of Internal Audit;
* The Head of Internal Audit’s Annual Opinion and Report;
* Quality assessment reports on the Internal Audit function;
* The draft accounts of the organisation;
* The draft governance statement;
* A report on any changes to accounting policies;
* A report on any proposals to tender for audit functions;
* External audit’s management letter;
* A report on co-operation between internal and external audit; and
* The organisation’s Risk Management Strategy.

The above list suggests minimum requirements for the inputs which should be provided to the Audit and Risk Assurance Committee. In some cases more may be provided.

**Appendix 1**

**Competency Framework**

Independent members of the NICCY Audit and Risk Assurance Committee will be expected to meet all the following criteria and competencies:

* Commitment to children’s rights as outlined in the UNCRC;
* Understanding of the values and objectives of the organisation and its current significant issues and risks;
* Understanding of the organisation’s structure, including governance arrangements and key relationships such as that with a sponsoring department or a major partner;
* Understanding of any relevant legislation or other rules governing the organisation; and
* Broad understanding of the government environment, particularly accountability structures and current major initiatives.

The Audit and Risk Assurance Committee should corporately possess:

* Knowledge/skills/experience (as appropriate and required) in:
  + - Accounting;
    - Risk management;
    - Internal/External Audit; and
    - Technical or specialist issues pertinent to the organisation’s business.
* Experience of audit and risk management in similar sized organisations;
* Understanding of the wider relevant environments in which the organisation operates; and
* Detailed understanding of the government environment and accountability structures.

**Appendix 2**

**Template Agenda**

| **Item Number** | **Agenda Item** |  |
| --- | --- | --- |
| 1 | Welcome and Apologies | Chair |
| 2 | Conflicts of Interest declaration | All |
| 3 | Chair’s Business | Chair |
| 4 | Approval of Previous Minutes | Chair |
| 5 | Matters Arising | NICCY |
| 6 | Emerging Issues | NICCY |
| 7 | Sponsoring Body’s Perspective   * Anything material that the Committee Chair needs to raise with the Department | OFMDFM |
| 8 | Internal Auditor | Internal Auditor |
| 9 | External Auditor’s update | NIAO |
| 10 | Risk Management   * Corporate Risk Register | NICCY |
| 11 | Direct Award Contracts & Procurement | NICCY |
| 12 | DAO/FD letters   * Summary and copy of relevant letters | NICCY |
| 13 | Fraud Reporting | NICCY |
| 14 | Complaints Reporting | NICCY |
| 15 | Correspondence/communication | NICCY |
| 16 | AOB | NICCY |
| 17 | **Next Meeting dates** |  |