



Audit & Risk Committee Terms of Reference 2012-2013

1. Role

- 1.1 The Council has established an Audit and Risk Committee as a Committee of the Council to support them in their responsibilities of risk control and governance by reviewing the comprehensiveness of assurances in meeting the Council and Accounting Officer's assurance needs and reviewing the reliability and integrity of these assurances.

2. Membership

- 2.1 Membership of the Audit and Risk Committee will consist of a minimum of three Council members, none of whom may be the Chair of the Council.
- 2.2 The Chair of the Committee is appointed by the Appointments Commission for a designated term of office.
- 2.3 Other members of the Committee are appointed by the Council on the recommendation of the Chair of Council for a defined period or periods.

3. Reporting

- 3.1 The Audit and Risk Committee will formally report in writing to the Council after each meeting through provision of the approved minutes.
- 3.2 Each Council meeting agenda will include an opportunity for the Audit and Risk Committee Chair to raise any necessary matters with the Council.
- 3.3 The Audit and Risk Committee will provide Council with an Annual Report, summarising the main areas of work undertaken by the Committee during the previous year, and timed to support finalisation of the accounts and the Statement on Internal Control.

4. Responsibilities

- 4.1 The Audit and Risk Committee will advise the Council and the Accounting Officer on:
- the strategic processes for risk, control and governance and the Statement on Internal Control, including an assessment of the risks identified by the executive team and evaluation of the mitigating action being taken
 - 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 as well as levels of error identified

- the 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
- assurances relating to the corporate governance requirements for the organisation
- any proposals for tendering for Internal 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.

4.2 The Audit and Risk Committee will also periodically review its own effectiveness and report the results of that review to the Council.

5. Rights

5.1 The Audit and Risk Committee may:

- co-opt additional members for a period not exceeding a year to provide specialist skills, knowledge and experience
- procure specialist ad-hoc advice at the expense of the organisation, subject to budgets agreed by Council.

6. Access

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

7. Meetings

7.1 The Audit and Risk Committee will meet at least three times a year.

7.2 Audit and Risk Committee meetings will normally be attended by the Accounting Officer and Director of Governance and Operations, together with the Head of Internal Audit (outsourced) and a representative from external audit.

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

7.4 The Council or Accounting Officer may ask the Audit and Risk Committee to convene further meetings to discuss particular issues on which they may want the Committee's advice.

- 7.5 The Audit and Risk Committee may ask any or all of those attending, but who are not members of the Committee, to withdraw to facilitate open and frank discussion of particular matters.
- 7.6 The Chair may identify a member of the Committee to act as Vice-Chair as necessary.

8. Quorum

- 8.1 The quorum for any meeting will be any two members of the Committee.

9. Information Requirements

- 9.1 **For each meeting** the Audit and Risk Committee will be provided with:
- a progress report from the Head of Internal Audit summarising:
 - work performed (and a comparison with work planned)
 - key issues emerging from Internal Audit work
 - management response to audit recommendations
 - changes to the Internal 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;
- 9.2 **Twice during the year** the Committee will be provided with:
- a report summarising any significant changes to the organisation's Risk Register, including information on the top risks with detailed analysis of each.
- 9.3 **As and when appropriate** the Committee will also be provided with:
- proposals for Terms of Reference of Internal Audit
 - the Internal Audit strategy
 - Internal Audit's Annual Report
 - Quality Assurance reports on the Internal Audit function
 - the draft accounts of the organisation
 - the draft Statement on Internal Control and other required narratives
 - a report on any changes to accounting policies
 - a report outlining any and all action taken in response to anyone raising serious concerns (whistle-blowing)
 - a report on any fraud or suspected fraud within CHRE

- the External Audit strategy
- External Audit's management letter/s, and any other reports
- a report on any proposals to tender for audit functions
- a report on co-operation between Internal and External Audit.

10. Training

10.1 Members of the Audit and Risk Committee will be expected to undergo training to meet their responsibilities, as required.

Approved by Audit and Risk Committee December 2011