

Item 6iii, Annex A

Audit and Risk Assurance Committee

Terms of Reference

Purpose

The Audit and Risk Assurance Committee (ARAC) is a Committee of the Board. Its purpose is to support the Board and ARB's Accounting Officer in their responsibilities for risk management, control and governance, by reviewing the comprehensiveness, reliability and integrity of assurances. The Committee acts in a scrutiny and advisory capacity, and has no executive powers.

Duties

The focus of the Committee's work will be determined by the ARB's strategic objectives and other organisational priorities. More specifically, the Committee will:

- consider and approve the plans for internal and external audit;
- ensure that there are levels of assurance in place which are aligned to the delivery of ARB's strategic objectives and other organisational priorities and consistent with the risk appetite agreed by the Board;
- review the effectiveness of the risk management process, in order that major risks are identified and that mitigation strategies are in place, and make recommendations about these issues to the Board;
- ensure that there are effective and comprehensive arrangements for corporate governance, and make recommendations about these issues to the Board; and
- provide an independent and objective view on the effectiveness of internal controls, and review the Statement of Internal Control.

The Committee will also advise the Board and ARB's Accounting Officer about:

- the strategic processes for risk, control and governance;
- the content of the Governance Statement;
- accounting policies, the Annual Report and Accounts, (including the process for review of the Accounts prior to submission for audit), levels of error identified, and the Accounting Officer letter of representation;
- value for money issues;
- the results of both internal and external audit, and the adequacy of management responses, including the management letter from External Audit;
- review the actions taken by management to implement the recommendations of internal audit and to support the effective working of the internal audit function;

- assurances relating to ARB's corporate governance requirements;
- effectiveness in complying with relevant codes of best practice;
- recommend to the Board proposals for the provision of internal audit services; the service provided by internal audit and whether it meets the standards specified in Government Internal Audit Standards;
- recommend to the Board proposals for the provision of external audit services; the service provided by external audit and whether it meets the standards specified within the International Standards on Auditing;
- the extent of cooperation between Internal and External Audit;
- anti-fraud and anti-corruption policies, whistle-blowing processes and arrangements for special investigations and management's response to any critical incidents;
- information assurance matters, including cyber security;
- its own effectiveness, and an annual review of its terms of reference.

Authority

The Board and ARB's Accounting Officer authorise the Committee to investigate any activity within its terms of reference and to access any records, staff and physical properties deemed necessary to assist the Committee to carry out its duties.

The Committee can decide to obtain, in agreement with ARB's Accounting Officer and/or the Board, external professional advice on any particular issue.

The Chair of the Committee will have free and confidential access to the ARB Accounting Officer and Head of Finance and Resources.

Membership

The members of the Committee shall be appointed by the Board and shall consist of no fewer than three Board members comprising the Chair of the Committee, one lay member and one registrant member (none of whom will be the Chair of the Board). The Board may also appoint an additional external member to supplement the Committee's skills base and/or provide an additional independent perspective.

The Chair of the Committee should have recent significant and relevant financial and/or audit qualifications and experience.

A member of the Executive shall act as secretary to the Committee.

Other regular attendees at the Committee are:

- ARB CEO/Accounting Officer
- Head of Finance and Resources
- External Audit

- Internal Audit
- Observer from MHCLG
- Secretariat

- Others as invited.

Quorum

A minimum of two Board members must be present for the meeting to be deemed quorate.

Meetings and Procedures

The Committee will meet at least four times a year at times to align with key points in the financial year and governance timetable. The Chair of the Committee, in consultation with the Chair of the Board and the ARB Accounting Officer, may convene additional meetings as deemed necessary.

The Committee will conduct a technical review of the annual accounts in conjunction with the Head of Finance and Resources. The Committee will meet regularly in private with the Internal and External Auditors.

The Committee may ask any other member of staff, or such others as may be appropriate, to attend to assist it with its discussions on any particular matter and may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussions of particular matters.

The Board and the ARB Accounting Officer may ask the Committee to convene further meetings to discuss particular issues on which they want the Committee's advice. External auditors or internal auditors have the right to raise any issues with the Chair of the Audit Committee or request a meeting with the Committee at any time.

Reporting Requirements

The Chair of the Committee will report to the next meeting of the Board and the minute taker, who will be a member of the Executive, will circulate the minutes to the next Board meeting. The Chair will provide an annual report on the Committee's work to the Board including a statement on the control environment. The Committee's duties and activities will be disclosed in the Annual Report and Accounts.

The Chair will attend the MHCLG forum of Audit and Risk Assurance Committee Chairs.

Papers and Agendas

The Executive shall circulate the agenda and papers five working days before each meeting. The Committee will regularly discuss a forward plan of its work, ensuring that proper attention is given to all matters in these terms of reference. The minute taker will circulate the minutes of all meetings to both the members and attendees of the Committee, once they have been approved by the Chair.

Conflicts of Interest

Any member or attendee of the Committee who becomes aware of a potential conflict of interest relating to matters being discussed by the Committee should give prior notification to the Chair or if this is not possible, declare this at the meeting and, where necessary, withdraw during the discussion of the relevant agenda item.