

Northern Ireland Audit Office (NIAO)

Audit and Risk Assurance Committee Terms of Reference

1. Constitution and Purpose

The Comptroller and Auditor General (C&AG), as the Accounting Officer of the Northern Ireland Audit Office (NIAO), is responsible for ensuring that there are effective arrangements for governance, risk management and internal control. The Audit and Risk Assurance Committee supports the C&AG in this role by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of financial statements and the annual report. The Audit and Risk Assurance Committee is independent of all NIAO operational activities.

2. Membership

The Audit and Risk Assurance Committee comprises non-executive members only. Its current membership is:

- Aine Gallagher (Chair)
- Paul Douglas
- Pat Cumiskey
- Gillian Body

The Chair of the Committee will be appointed by the C&AG from one of the non-executive members.

One non-executive post may be allocated to a representative from a public audit agency in the UK or Ireland. Other members of the Audit and Risk Assurance Committee will be appointed by open competition for a three year period, which may be extended by agreement and with the approval of the C&AG, endorsed by the Audit Committee of the Northern Ireland Assembly, for a maximum of a further three years.

Each member should have a good understanding of the objectives and priorities of the NIAO and of their role as an Audit and Risk Assurance Committee member.

At least one member of the Committee should have recent and relevant financial experience to allow the Committee to competently review the financial management and reporting in the NIAO, and associated assurances.

The Audit and Risk Assurance Committee will identify, and agree with the C&AG, the other skills required for Committee effectiveness and establish critical success factors for its performance. These identified skills should inform the choice of members of the Committee. The required skills set should be reviewed periodically.

A member of NIAO Corporate Services will provide the Audit and Risk Assurance Committee with a secretariat function. Currently this function is provided by Norma Connelly.

3. Reporting

The Committee will provide an Annual Report to the C&AG, timed to support finalisation of the NIAO Annual Report and Accounts and the Governance Statement. The Committee's report will summarise its conclusions from the work it has done during the year.

Once approved by the Committee, the Minutes of Audit and Risk Assurance Committee meetings will be provided to the C&AG and published on the NIAO website.

4. Responsibilities

The Audit and Risk Assurance Committee will support and advise the C&AG as Accounting Officer in the following areas:

- the strategic processes for risk, control and governance and the Governance Statement;
- the 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 management's letter of representation to the external auditors;
- strategic financial management and budgeting processes;
- disaster recovery, contingency and crisis planning;
- 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;
- assurances relating to the management of risk and corporate governance requirements for the NIAO;

- proposals for tendering for Internal Audit services¹ or for purchase of non-audit services from contractors who provide audit services;
- anti-fraud policies, whistleblowing processes and arrangements for special investigations; and
- the Audit and Risk Assurance Committee will also periodically (annually) review its own effectiveness and report the results of that review to the C&AG.

On the advice of the NIAO Audit and Risk Assurance Committee, the C&AG will be responsible for the appointment of the Internal Auditor.

5. Authority

Subject to the budgets agreed by the C&AG, the Audit and Risk Assurance Committee may:

- co-opt additional members for a period not exceeding a year to provide specialist skills, knowledge and experience;
- select and appoint specialist ad-hoc advice at the expense of the NIAO; and
- avail of suitable induction training and continuous professional development training for members.

The Committee is authorised to investigate any activity within its terms of reference and to seek any information it requires to carry out its duties.

6. Access

Internal Audit and External Audit will have free and confidential access to the Chair of the Audit and Risk Assurance Committee. The Chair of the Committee will have access to the Chair of the Audit Committee of the Northern Ireland Assembly.

7. Meetings

The Audit and Risk Assurance Committee will meet at least four times a year (potentially including a workshop). The Chair of the Committee may convene additional meetings, as they deem necessary.

¹ The External Auditor for NIAO is appointed by the Department of Finance in accordance with Schedule 2 of The Audit Northern Ireland Order 1987

A minimum of two members of the Audit and Risk Assurance Committee must be present for the meeting to be deemed quorate. However, if appropriate, a meeting may be conducted by video conferencing or conference call.

In the event of any member being unable to attend a meeting, the Chair will brief them on the business conducted. If the Chair is unable to attend a Committee meeting, members of the Committee will select one of their number to fulfil chairing duties in the Chair's absence for that meeting.

The C&AG as Accounting Officer may ask the Audit and Risk Assurance Committee to convene further meetings to discuss particular issues on which he wants the Committee's advice.

The C&AG may be invited to attend meetings of the Audit and Risk Assurance Committee. The Chief Operating Officer, the Finance Director, Risk Manager, and representatives from Internal and External Audit should be available to attend meetings of the Committee, as appropriate.

The Committee may ask any other officials of the Office to attend to assist with its discussions on any particular matter.

The Chair will have bilateral meetings at least annually with the C&AG and with Internal Audit and External Audit.

The Assembly Audit Committee shall have the opportunity to meet with the non-executive members of the NIAO Audit and Risk Assurance Committee once per year.

8. Information Requirements

For each meeting of the Audit and Risk Assurance Committee, the secretary will agree an agenda with the Chair and with input from other Committee members. The Chair will have the final say in the decisions about what business will be taken at any particular meeting.

The draft minutes will be circulated to Committee members within two weeks of the meeting and agreed formally at the next meeting of the Committee. Papers required will be with members at least five working days in advance of the meeting.

Standing agenda items are:

- draft minutes from the previous meeting to be approved;
- a schedule of matters arising and progress made since the previous meeting;

- an opportunity for members to declare any conflicts of interest on agenda items;
- an opportunity to meet with Internal and External Audit prior to commencement of each meeting;
- a report summarising any significant changes to the organisation’s strategic risks and a copy of the Corporate Risk Register;
- a report on strategic financial management and budgeting;
- Internal Audit reports and any key issues emerging;
- a progress report on implementing Internal Audit recommendations;
- a progress report (written/verbal) from External Audit summarising work done, emerging findings and progress on the implementation of external audit recommendations ;
- management assurance reports;
- summary of whistleblowing, grievances, complaints, disciplinary cases; and
- reports on the management of major incidents, “near misses” and lessons learned.

As and when appropriate the Committee will be provided with:

- the draft Internal Audit strategy;
- Internal Audit’s Annual Opinion and Report;
- quality assurance reports on the internal audit function;
- the draft annual report and accounts, including all appropriate assurance statements;
- the draft Governance Statement;
- a report on any changes to accounting policies;
- the draft External Audit Strategy and plan;
- External Audit’s management letter;
- a report on proposals for tender for audit functions (as necessary);
- the risk management strategy;
- annual assessment of Cyber Risk;

- anti-fraud policies;
- Business Continuity Plan;
- Crisis Management Plan; and
- any other papers or issues materially relevant to the work of the Audit and Risk Assurance Committee or deemed appropriate to be brought before the Committee.

An annual programme of work will be prepared which will define the frequency with which information should be reported.

9. Review and Approval

This Terms of Reference will be reviewed by the Audit and Risk Assurance Committee at least annually and presented to the C&AG for approval.

Chair’s Signature Date

C&AG’s Signature..... Date