

Civil Service Commission Audit and Risk Committee Terms of Reference

1. Purpose

1.1. The Audit and Risk Committee supports the Civil Service Commission in its role in respect of the effectiveness of the Commission's risk management system and procedures and its internal controls. It does this 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. It should lead the assessment of the annual governance statement for the Board.

1.2. The Committee will engage particularly with the work of internal audit, risk management, the external auditor and financial management and reporting issues.

1.3. In relation to risk management, the Audit and Risk Committee is part of the third line of defence in the Commission's risk management framework.

1.4. The Committee does not have any executive responsibilities.

2. Responsibilities

2.1. The Committee should ensure that arrangements are in place to enable it to discharge its responsibilities effectively, including:

- formal procedures for the appointment of new Committee members;
- allowing sufficient time for the Committee to discharge its collective responsibilities effectively; and
- induction for new members on joining the Committee.

2.2. The Committee should agree and document an appropriate system to record and manage conflicts and potential conflicts of interest of Committee members.

2.3. After each meeting of the Committee, the minutes go to the ARC Chair and are shared with the ARC Committee on matters raised and actions to be taken. The ARC Chair will report verbally to the Joint Operations Committee (JOC).

2.4. The Committee should provide an Annual Report timed to support the preparation of the governance statement. It should summarise the Committee's work for the year past and present the Committee's opinion on:

- the effectiveness of governance, risk management and control;
- the comprehensiveness of assurances in meeting the Commission and Accounting Officer needs;
- the reliability and integrity of these assurances;
- the implications of these assurances for the overall management of risk;
- any issues the Committee considers pertinent to the governance statement and any long term issues the Committee thinks the Commission and Accounting Officer should give attention to;

- anti fraud policies;
- financial reporting for the year;
- the quality of both internal and external audit and their approach and responsibilities; and
- the Committee's views of its own effectiveness, including advice on ways in which it considers it needs to be strengthened or developed.

3. Authority

3.1. The Committee's authority derives from the Commission.

4. Composition

4.1. The Committee consists of 3 Commissioners, one of whom is the Chair, and the Commission's Accounting Officer.

4.2. Members should have relevant experience and skills and at least one or more of the members should have relevant financial experience.

4.3. Senior managers with financial responsibility should routinely attend the Committee meetings, along with the Head of Internal Audit and a representative of the external auditors.

4.4. The Committee reviews the Commission's annual report and financial statements with a view to recommending this to the Commission's Accounting Officer to sign off the accounts.

4.5. The Committee may ask any other officials of the Independent Offices to attend to assist it with its discussions on any particular matter.

4.6. The Committee may ask any or all of those who normally attend, but who are not members, to withdraw to facilitate open and frank discussion of particular matters.

5. Quorum

5.1. The Committee is quorate when at least two members of the Committee are present.

6. Information requirements

6.1. The Committee should ensure that arrangements are in place to enable it to discharge its responsibilities effectively, including the timely provision of information in an appropriate form and quality. This should include:

- a report summarising any significant changes to the organisation's strategic risks and a copy of the strategic/corporate risk register
- progress report from the Commission's CEO 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.

- a progress report 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 NAO, for example, Value for Money reports and good practice findings)
- management assurance reports; and
- reports on the management of major incidents, “near misses” and lessons learned.

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

- the internal audit strategy
- the Head of Internal Audit's Annual Opinion and Report
- quality assurance reports on the internal audit function
- the draft accounts of the organisation
- the draft Governance Statement
- a report on any changes to accounting policies
- external Audit's management letter
- a report on any proposals to tender for audit functions
- a report on co-operation between internal and external audit; and
- the organisation's Risk Management strategy

7. Joint Operations Committee

7.1. The JOC has been established to oversee the shared corporate functions of the 'Independent Offices', and its shared secretariat. The JOC will be supported by the ARC in relation to matters within its remit. The JOC will be attended by the Chair of the Audit and Risk Committee and updated on its work at each meeting.

8. Access to the Chair of the Committee

8.1. The CSC Accounting Officer and a representative of the external auditors have free and confidential access to the Chair of the Audit and Risk Committee.

9. Budget

9.1. The Audit and Risk Committee is not responsible for a specific budget.

10. Meetings

10.1. The Committee should meet at least 3 times a year. The Committee may convene additional meetings as they deem necessary.

10.2. The Committee (members only) will normally have a private meeting with the National Audit Office at least once a year.

10.3. The Accounting Officer and the Chair may ask the Committee to convene additional meetings to discuss particular issues where the Committee can offer advice.

10.4. A summary of the activity of the Committee will be published on the Commission's website.

11. Secretariat

11.1. The secretariat is responsible for meeting logistics, preparing and distributing papers and data reports at least five working days in advance of a meeting, taking and circulating minutes and actions, and paying reasonable travel expenses in line with the expenses policy incurred as a result of attending the Board.

12. Review

12.1. The current arrangements will be reviewed in 12 months, with Terms of Reference updated, as appropriate.

Last updated: October 2024