

**AUDIT & RISK COMMITTEE**

**TERMS OF REFERENCE**

1. **PURPOSE**

1.1 The Standards Commission for Scotland established an Audit and Risk Committee (the Committee) to support the Commission and its Accountable Officer (currently the Executive Director), in undertaking their responsibilities in respect of ensuring appropriate corporate governance and risk management procedures, policies and controls are in place and are effectively managed.

1. **AUTHORITY**

2.1 The Committee was established by a resolution of Standards Commission (all Members). It is an advisory Committee with no executive powers.

* 1. The Committee is authorised to obtain *ad hoc* independent professional advice if it deems it appropriate and necessary to do so. In authorising any such expenditure, the Committee must act in accordance with the Standards Commission’s Finance and Procurement Policy and Procedures.

2.3 The Committee may co-opt additional members for a period, not exceeding one year, to provide specialist skills, knowledge and experience.

1. **MEMBERSHIP**

3.1 Two Members of the Standards Commission (other than the Convener), including the Chair of the Committee, shall be appointed initially for a period of two years and are eligible for reappointment by the Standards Commission. Notwithstanding any other provision in these Terms of Reference, a member of the Committee will cease to be a member when their tenure as a Member of the Standards Commission ends.

3.2 The Standards Commission will appoint one Member as Committee Chair.

3.3 The Standards Commission can co-opt other Members to serve on the Committee, if required.

1. **QUORUM**

4.1Two Members shall constitute a quorum.

**5. MEETINGS**

5.1 The Committee will meet on at least three occasions each year.

5.2 The Chair may convene additional meetings, as deemed necessary, and shall also convene meetings on the written request of at least two members of the Standards Commission.

5.3 Notice of each meeting, confirming the venue, date and time, and an agenda of the items to be discussed shall be sent to Committee members and any other attendees at least five working days before the meeting.

**6. ATTENDANCE AT MEETINGS**

6.1 In addition to the appointed Commission Members, the Executive Director will normally attend meetings. Other members of staff may also be invited to provide business or administrative support.

6.2 The external auditor will be invited to attend, or send a representative to, all meetings.

6.3 Other individuals with relevant expertise, such as the internal auditor or another representative from the Scottish Parliamentary Corporate Body, may be invited to attend meetings.

6.4 The Convener and other Members of the Standards Commission may attend as observers, but only with the prior agreement of the Committee Chair.

6.5 The Committee may ask any other Members or staff to attend for part of a meeting to assist it with its discussions on a specific matter.

6.6 The Chair can require any staff or attendees (other than Committee Members) to leave the meeting when matters of a confidential nature are being discussed.

6.7 The Standards Commission or Executive Director may ask the Committee to convene a meeting if they consider the Committee’s advice or support is required or if they consider an issue has arisen that should be brought to its attention.

**7. REPORTING**

7.1 The Chair of the Committee will formally provide an oral report to the Standards Commission after each meeting. A copy of the minutes of the meeting will also be provided.

7.2 The Audit and Risk Committee will provide the Standards Commission and Executive Director with an annual report summarising the activities undertaken by the Committee during the year so that these can be agreed for inclusion in the Standards Commission’s Annual Accounts and the Governance Statement.

**8. RESPONSIBILITIES**

8.1 The Audit and Risk Committee will advise the Standards Commission and its Executive Director on matters concerning:

* The policies and processes in place to support good governance.
* The policies and processes in place to identify, manage and mitigate risks.
* The accounting policies and preparation of the annual accounts.
* The process for reviewing the accounts prior to submission for audit, the calculated materiality value to be applied by the external auditors and the letter of representation to be sent by the Accountable Officer to the external auditors.
* The planned activity and outcomes of both Internal and External Audit, including the proposed fees, any recommendations made and actions taken as a result.
* The adequacy of management response to issues identified by audit activity.
* The effectiveness of the Standards Commission’s internal controls.
* Any corporate governance and assurance issues.
* Anti-fraud and whistle-blowing policies and processes.
* The Committee’s terms of reference and the discharge of its duties.
* Any other matters as required by the Standards Commission. The Audit and Risk Committee will also periodically review its own effectiveness and report the results of that review to the Standards Commission and its Accountable Officer.

8.2 In addition, the Audit & Risk Committee will undertake a review of the Risk Register at each meeting and suggest further actions to be taken and changes to risk scores. The Committee Chair will also input into the Executive Director’s annual performance review and rating.

**9. ACCESS**

9.1 The internal auditor and any representative from the external auditors will have direct and confidential access to Committee Chair.

**10. INFORMATION REQUIREMENTS**

10.1 The Executive Director will provide the Committee with a report on the Standards Commission’s Risk Register to review at each meeting. This will include any actions proposed or taken to mitigate the identified risks, and any recommendations to amend risk scores.

10.2 The external auditors will provide the Committee with a written draft report summarising the work they have undertaken and their findings, at least two weeks before the annual external audit report is finalised.

10.3 The Committee will also be provided with the following information by the Executive Director, the internal auditor or the external auditors as appropriate, in sufficient time to allow it to discharge its responsibilities:-

* Proposals for the terms of reference for the Internal Audit.
* The internal auditor’s annual report.
* The draft Accounts.
* The draft annual Governance Statement.
* Information about any changes to accounting processes or reporting requirements.
* The external auditors’ management letter/report.

**11. REVIEW**

11.1 The Committee shall, review its own performance and terms of reference on an annual basis to ensure it is operating effectively and recommend any changes it considers necessary to the Standards Commission.



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| **Data control and version information** | | | | |
| **Date** | **Action by** | **Version Updated** | **Current version** | **Brief Description** |
| 29/05/2018 | LJ | V1.0 | V2.0 | Amendments made to reflect current practice. |
| 13/05/2019 | EM | V2.0 | V2.1 | Minor typographical changes and placement order of Sections to ensure similarity across all Committee terms of reference. |
| 27/05/2020 | LJ | V2.1 | V3.0 | Amendments made to reflect current practice, to bring in line with the Human Resources Committee’s Terms of Reference and to make reference to the Finance and Procurement Policy and Procedures. |
| 25/05/2021 | LJ | V3.0 | 2021 v1.0 | Addition, under responsibilities, of reference to Committee undertaking a review of the Risk Register at each meeting and to the Committee Chair having input into the Executive Director’s annual performance review and rating. |
| 30/05/2022 | SN | V3.0 | V3.0 | No changes following annual review. |
| 31/05/2023 | SN | V3.0 | V4.0 | Minor changes following annual review |