

**Audit and Risk**



**Committee**

**Terms of Reference  
(October 2018)**

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

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## **1. Membership**

1.1 The members of the Audit and Risk Assurance Committee should be:

### ARC Members:

ARC Chair

3 nominated VSS Board Members

1 Accountant Member (required if no other member satisfies the requirement a 1.3 below)

Current members are listed at Annex 1

### Other Officers in attendance:

VSS Accounting Officer and CEO

VSS Head of Corporate Services

VSS Finance and Governance Manager

ARC Secretary, (VSS Governance Officer)

TEO Representatives

NIAO (External Audit)

Internal Auditor

1.2 The Committee and its Chair shall be appointed by the Board. The maximum term is 4 years, and each member/chair may serve a maximum of 2 terms.

1.3 At least one member should be a qualified accountant.

## **2. Reporting**

2.1 The Audit and Risk Committee will formally report in writing to the Board after each meeting.

2.2 The Audit and Risk Committee will provide the Accounting Officer and Board with an Annual Report, timed to support finalisation of the accounts and the Governance Statement, summarising its conclusions from the work it has done during the year.

2.3 The minutes of meetings will be circulated to all members of the Board. The minutes will also be copied to TEO as sponsoring department, the head of Internal Audit and to the External Auditors. Summary minutes will also be published on the VSS website.

### **3. Role**

The Audit and Risk Committee will advise the Accounting Officer and Board on:

- 3.1 The strategic processes for risk, control and governance and the Governance Statement.
- 3.2 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, levels of error identified, and management's letter of representation to the External Auditors.
- 3.3 The planned activity and results of Internal Audit, including:
  - The appointment, terms of reference, resignation or dismissal of the Internal Audit services, internal audit charter
  - Receive reports from Internal Audit on progress, key findings and management responses and receive the Annual Report
- 3.4 The planned activity and results of External Audit, including:
  - Discuss with the External Auditor the nature and scope of their audit.
  - Review and consider the results of the External Audit, its cost effectiveness and the audit fee.
  - Review and consider adequacy of management response to issues identified by audit activity, including External Audit's management letter;
  - Review and discuss with management and auditors, the annual financial statements.
  - Discuss any difficulties, reservations or other matters arising from the External Auditors review of final accounts.
- 3.5 Assurances relating to the management of risk and corporate governance requirements for the organisation, including:
  - Review the Risk Management Policy on an annual basis to ensure it reflects VSS's current environment.
  - Review the Strategic Risk Register on a quarterly basis.
  - Review the Code of Conduct Policy annually
- 3.6 Consider anti-fraud policies, whistle-blowing processes, and arrangements for special investigations.
- 3.7 To receive any relevant reports from the Northern Ireland or National Audit Office, and other organisations.
- 3.8 To consider the findings of any relevant internal and external reviews which have significant implications for the VSS.

## **4. Meetings**

- 4.1 The Audit and Risk Committee will meet at least four times a year. The Chair of the Audit and Risk Committee may convene additional meetings, as they deem necessary.
- 4.2 A minimum of 3 members of the Audit and Risk Committee will be present for the meeting to be deemed quorate.
- 4.3 Audit and Risk Committee meetings will normally be attended by the CEO/Accounting Officer, the Finance and Governance Manager, Head of Corporate Services, Head of Internal Audit, a representative of External Audit and representatives of TEO.
- 4.4 The Audit and Risk Committee Members will meet 30 minutes prior to the scheduled commencement of the Audit and Risk Committee meeting.
- Other officers will join at the scheduled commencement of the Audit and Risk Committee meeting.
- 4.5 The Audit and Risk Committee may ask any other officials of the VSS to attend to assist it with its discussions on any particular matter.
- 4.6 The Audit and Risk 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; and
- 4.7 The Accounting Officer or Board may ask the Audit and Risk Committee to convene further meetings to discuss particular issues on which they want the Committee's advice.
- 4.8 At least once a year the committee shall meet with the external and internal auditors without any officers present.
- 4.9 At least once a year the ARC Chair will hold a bi-lateral meeting with the Board Chair, the VSS Accounting Officer, internal audit and external audit.
- 4.10 The Chair will attend, at least once, an audit workshop hosted by TEO.
- 4.11 The annual workplan for the Committee comprises all standing items, plus the specific points included at Annex 2.

## **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 VSS, subject to budgets agreed by the Accounting Officer/Board.

## **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. Information requirements for meetings**

For each relevant meeting the Audit and Risk Committee will be provided, sufficiently in advance, with:

- 7.1 An Accounting Officer Report to include:
- Progress Against Corporate and Business Plan
  - Progress against Budget
- 7.2 A report summarising any significant changes to the organisation's strategic risks and a copy of the Strategic Risk Register.
- 7.3 A progress report from the Head of Internal Audit to include final audit reports.
- 7.4 An annual assurance report from the Head of Internal Audit.
- 7.5 Update reports from the VSS with respect to outstanding audit recommendations; the gifts and hospitality register; compliance and suspected fraud; procurement; and policies and procedures.
- 7.6 The draft and final Annual Report and Accounts presented by the VSS.
- 7.7 The draft and final Report to Those Charged with Governance by External Audit.
- 7.8 As and when appropriate the Committee may request any other update reports as required.
- 7.9 The Secretariat will provide appropriate support to the Chair as necessary, which should include meeting in advance of the ARC to confirm the agenda and discuss the papers.

## **8. Review / Self Assessment**

- 8.1 The Chair will carry out an annual appraisal of ARC members.
- 8.2 The Audit and Risk Committee will also review its own effectiveness annually and report the results of that review to the Board.

8.3 The ARC ToR will be subject to an annual review.

**9. Other**

9.1 In the event of the merger or dissolution of the VSS, to ensure that the necessary actions are completed, including arranging for a final set of financial statements to be completed and signed.

## **Annex 1 – Current ARC Members**

**Chair** – Colm Doran

### **Board Members**

Richard Solomon – (appointed 13/12/2013)  
Bertha McDougall – (appointed 13/12/2013)  
David Reid – (appointed 01/09/2018)

This annex will be updated regularly with any changes to individual members. The TOR will not require re-adoption for such changes.

## **Annex 2 – Agenda Items**

In addition to the normal standing agenda items, meetings will consider specific items as follows:

- **April meeting**
  - Review of prior year Annual Assurance Report (Internal Audit)
  - Review of Internal Audit Plan for the incoming year
  - Board Review of own effectiveness
  
- **July meeting**
  - Review of NIAO Audit Strategy
  - Annual Review of Risk Management Policy
  - Audit & Risk Committee Annual Report
  
- **October meeting**
  - Annual Review of Code of Conduct
  - Review of TOR
  
- **December meeting**
  - Single item agenda meeting to consider the outcome of the annual audit and the Report to Those Charged with Governance (RTTCWG)
  
- **January meeting**
  - Bi-lateral meetings between ARC Chair, Board Chair, VSS Accounting Officer, Internal Audit & External Audit to be scheduled alongside this meeting