

# Audit and Risk Assurance Committee (ARAC)

## Terms of Reference

Updated and approved: May 2019



Comisiynydd  
Plant Cymru  
Children's  
Commissioner  
for Wales

# Introduction

The principal aim of the Children’s Commissioner for Wales is to safeguard and promote the rights and welfare of children. In working towards this aim, the Commissioner has a legal duty to properly manage the resources made available for her office to deliver on its statutory obligations. As corporation sole, she must also ensure that arrangements have been put in place to ensure that her office is properly managed and governed. An independent Young People’s Advisory Panel, a Commissioner’s Advisory Panel and an Audit and Risk Assurance Committee have been established to support and advise her in connection with these responsibilities – all of whom report directly to the Commissioner.

## Role of the Committee

The Audit and Risk Assurance Committee supports the Commissioner to discharge her duties as Accounting Officer. Reporting directly to the Commissioner, members of the Committee review the comprehensiveness of the systems of assurances put in place to meet the Commissioner’s Accounting Officer needs and reviewing the reliability and integrity of those systems. In practice, members of the Committee review and challenge the assurances provided by the Commissioner’s staff and by her internal and external auditors and advise her on corporate governance, risk management and internal control.

## Membership

### Non-Executive Members

The Audit and Risk Assurance Committee consists of at least three members who do not work for the Commissioner, known as Non-Executive Members. Members are appointed from the Commissioner’s Advisory Panels and must include the Chair of the Commissioner’s Advisory Panel. It may also include co-opted members with requisite finance and governance expertise, to ensure at least one member has financial knowledge and expertise to comply with HM Treasury requirements.

The Commissioner will appoint a member to chair the Committee.

All members will be appointed for an initial three-year period, with the option to extend for up to another three years. Further reappointments are not usually permitted, however, in exceptional circumstances appointment for a further twelve months is allowable should the Commissioner so determine, with the approval of the Committee.

The Commissioner can appoint other individuals to join the Committee to ensure that the Committee has the appropriate level of skills and experience to meet HM Treasury requirements.

### Commissioner’s staff

Children’s Commissioner for Wales

Head of Finance

Head of Communications and Performance

Executive Support Officer to the Commissioner, who provides Secretariat support to ARAC

## Others

Representatives from the Commissioner's internal auditors (currently Deloitte LLP), who comply with the Public Sector Internal Audit Standards (PSIAS).

Representatives from the Wales Audit Office (external auditors), discharging the Auditor General for Wales' statutory duties and obligations under the Code of Audit Practice.

## Conflicts of Interest

As members of ARAC, each member of the Committee completes an annual declaration of interest, which is kept in accordance with all relevant data protection regulations and in line with the Commissioner's Document Retention Policy. In addition, the first agenda item for any ARAC meeting allows for the declaration of any interest specific to the agenda items for that meeting.

## Remuneration

Members do not receive any remuneration but can be reimbursed for out of pocket expenses incurred. Members should submit such claims in accordance with the Commissioner's Travel and Subsistence Policy.

## Training

Any training needs will be identified via the National Audit Office's checklist of Audit Committee Effectiveness to be completed by members annually. The Chair will discuss these needs with the Commissioner and her staff team, who'll source the relevant training. In addition, the Commissioner's internal audit providers will be required to provide training on risk management to all members on an annual basis.

## Reporting and Review of Effectiveness

Each Committee meeting will be recorded in minutes, taken by the Executive Support Officer, which will be approved at the next meeting.

The Committee must provide the Commissioner with an Annual Report on its work for the year. This report will be submitted to the Committee for approval at its Spring meeting and will be published within the Commissioner's Annual Report & Accounts.

This annual report by the Committee must include a review of their effectiveness, as per HM Treasury requirements, and will be based on the National Audit Office's checklist of Audit Committee Effectiveness.

## Responsibilities

The Audit and Risk Assurance Committee will advise the Commissioner on the:

- strategic processes for risk, control and governance,
- Governance Statement which is required to be included within the annual accounts;
- accounting policies, the accounts, and Commissioner's annual report, including the process for review of the accounts prior to submission for audit, levels of error identified, and Commissioner's letter of representation to the external auditors;
- planned activity and results of both internal and external audit;

- adequacy of management response to issues identified by internal and external audit, including external audit's management letter from the Wales Audit Office;
- assurances relating to the corporate governance requirements for the Commissioner's office;
- proposals for tendering for Internal Audit services or for purchase of non-audit services from contractors who provide audit services; and
- anti-fraud policies, whistle-blowing processes, and arrangements for special investigations.

The Commissioner may, from time to time, also ask individual Committee members to advise on strategic and other matters relating to her remit. In such circumstances the members may not under any circumstances act for the Commissioner in an executive or managerial capacity.

The Audit and Risk Assurance Committee will review these terms of reference annually.

## Rights

The Audit and Risk Assurance Committee may, in exceptional circumstances, co-opt additional members for a period not exceeding a year to provide specialist skills, knowledge and experience; or procure specialist ad-hoc advice subject to budgets agreed by the Commissioner.

Committee members also have access to official documents held by the Commissioner's office if deemed necessary in assisting them to carry out their duties.

## Access

The Head of Internal Audit and the representative of External Audit have free and confidential access to the Chair of the Audit Committee.

## Meetings

- The Committee will meet at least four times a year. The Chair may convene additional meetings, if deemed necessary or if requested by the Commissioner;
- a minimum of two members of the Committee must be present for the meeting to be deemed quorate;
- committee meetings will normally be attended by the Commissioner, the Commissioner's Head of Performance and Communication and Head of Finance Manager, Head of Internal Audit (or a representative), a representative of External Audit and the Chair of the Commissioner's Advisory Panel;
- agenda for meetings will be based on work programme outlined in Annex A;
- the Committee may ask other officials to attend to assist with its discussions on any particular matter;
- 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;
- the Committee can investigate any matter within its terms of reference;
- the Chair of the Committee should have access to the Heads of External and Internal Audit;
- the Committee should have access to any employee or related information when it comes to carrying out their committee responsibilities;
- the Committee should meet at least annually with Internal and External Audit without the Commissioner's management in attendance.

# Information Requirements

For each meeting the Committee will be provided with:

- a finance report
- the most recent version of the corporate Risk Register;
- a summary of actions relating to cyber security;
- a governance evaluation report by the Commissioner's Head of Communications and Performance;
- a progress report from the Head of Internal Audit summarising work performed (and a comparison with work planned), key issues emerging, the latest internal audit reports and management's responses to audit recommendations;
- any changes to the annual audit plan;
- any resourcing issues affecting the delivery of Internal Audit objectives;
- a progress report from External Audit summarising work done and emerging findings; and
- any relevant items to note from the Commissioner's Advisory Panel.

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

- proposals for the Terms of Reference of Internal Audit;
- the Internal Audit Strategy and annual work plan;
- the Head of Internal Audit's Annual Opinion and Report;
- quality Assurance reports on the Internal Audit function;
- the draft annual report and accounts of the Commissioner's office;
- the draft Governance Statement;
- a report on any changes to accounting policies;
- the Wales Audit Office annual Audit Strategy;
- the Wales Audit Office ISA 260 report;
- the Wales Audit Office management letter;
- a report on any proposals to tender for audit functions;
- a report on co-operation between Internal and External Audit; and
- the Commissioner's Risk Management Policy.

# Annex A: Programme of Work

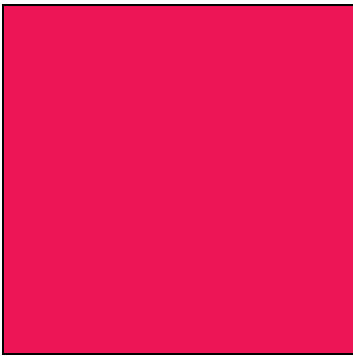


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In addition to the following standing agenda items, the Committee will work on the elements noted in the table below:

- Finance Report
- Risk Management
- Governance / Evaluation framework
- Internal Audit Update
- External Audit Update

<b>Spring Meeting</b> <b>(April/May)</b>	A private meeting to take place between the Internal Auditors and the Audit and Risk Assurance Committee members prior to the commencement of the main meeting
	Comment on the accounts for the year just finished prior to their finalisation and submission for audit
	Advise on the content of the Governance Statement for the year just finished, to be presented alongside the finalised accounts
	Review Internal Audit's finalised periodic work plan for the financial year just begun
	Committee to submit Annual Report reflecting previous year's work to the Commissioner by May
<b>Summer Meeting</b> <b>(June/July)</b>	A private meeting to take place between the External Auditors and the Audit and Risk Assurance Committee members prior to the commencement of the main meeting
	Consider Internal Audit opinion for the financial year just finished
	Consider (emerging) External Audit opinion for the financial year just finished
	Discuss the implications of the result of the Accounting Officer's review of effectiveness of the system of internal control in relation to the Governance Statement
<b>Autumn Meeting</b> <b>(October)</b>	Consider mid year report on emerging findings from Internal Audit
	Consider the External Audit management letter for the previous year and any emerging findings from the current interim/in-year work of External Audit
	Consider any residual actions arising from the previous year's work of both internal and external audit
<b>Winter Meeting</b> <b>(January/February)</b>	Scrutinise External Audit Plan
	Advise on the internal audit strategy and the periodic work plan for the beginning of the new financial year

	Consider areas in which the Committee will particularly promote co-operation between auditors and other review bodies in the coming year
	Re-visit emerging findings from auditors and review actions in response to the External Audit management letter
	Consider the Committee's own effectiveness in its work and discuss draft annual report by Committee to Commissioner. This draft report should be submitted by the Committee to the Chair of the Advisory Panel for consideration by April.