

Consumer Scotland

Audit and Risk Committee: Terms of Reference

For approval by the Board of Consumer Scotland (“the Board”) on [19 April 2022]

To be reviewed by the Board before [19 April 2025]

Introduction

The Board has established an Audit and Risk Committee (“the Committee”) to support the Board, through a process of constructive challenge, in its responsibilities for matters of risk, control, governance and associated assurance.

Membership

The Committee will have at least three members of which at least two will be non-executive members of the Board. The Board may appoint up to two independent members for terms of up to three years (which may be renewed for total service of up to six years). In addition, a co-opted member may be appointed for a period not normally exceeding twelve months where the provision of specialist skills, knowledge or experience is necessary.

The Board will appoint one of the non-executive Board members as Chair of the Committee.

The current Committee members and their terms of appointment are set out in the appendix.

The Committee will be provided with a secretariat function by the Secretariat & Business Support Officer to the Board & CEO or as otherwise agreed by the Chair of the Committee and the Chief Executive.

Reporting

The Committee will formally report in writing to the Board and Accountable Officer after each meeting. A copy of minutes of the meeting may form the basis of the report.

The Committee will provide the Board and Accountable Officer with an Annual Report, timed to support finalisation of the accounts and the governance statement, summarising its work during the year and conclusions drawn.

Responsibilities

The Committee will advise the Board and Accountable Officer on:

- the strategic processes in respect of risk, control and governance;
- the governance statement;
- 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;
- 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/report;

- the effectiveness of the internal control environment;
- assurances relating to the corporate governance of the organisation;
- proposals for the provision of internal or external audit services or for purchase of non-audit services from contractors who provide audit services;
- anti-fraud policies;
- whistle-blowing processes;
- special investigations or specific issues on which the Board and/or the Accountable Officer seeks the Committee's advice.

At least once every three years, the Committee will review its own effectiveness and report the results of that review to the Board.

Rights

The Committee may procure specialist ad-hoc advice at the expense of the organisation, subject to budgets agreed by the Board or Accountable Officer.

Access

Representatives from Internal Audit and External Audit will have free and confidential access to the Chair of the Committee.

Meetings

The procedures for meetings are:

- the Committee will meet at least four times a year. The Chair of the Committee may convene additional meetings, as they deem necessary;
- a minimum of two members of the Committee (at least one of which is a Board member) will be present for the meeting to be deemed quorate;
- Committee meetings will normally be attended by the Chair of the Board, the Chief Executive (and the Accountable Officer if this is not the Chief Executive), the Director of Governance & Corporate Services, a representative of Internal Audit, and a representative of External Audit;
- the Committee may ask any other staff members to attend for its review of 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 Board or Accountable Officer may ask the committee to convene further meetings to discuss particular issues on which they seek the Committee's advice.

Information requirements

For each meeting the committee will be provided with:

- a report summarising any significant changes to the organisation's Risk Register;
- a progress report from Internal Audit summarising:
 - work performed (and a comparison with work planned);
 - key issues emerging from Internal Audit work;
 - management response to audit recommendations;
 - significant changes to the audit plan;
 - any resourcing issues affecting the delivery of Internal Audit's objectives;

- a progress report from External Audit summarising work carried out and emerging findings.

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

- business update reports from the Chief Executive;
- Internal Audit's
 - Strategy,
 - annual Audit Plan,
 - Terms of Reference,
 - Annual Opinion and Report and
 - quality assurance reports on its own function;
- the draft accounts of the organisation;
- the draft Governance Statement;
- a report on any changes to accounting policies;
- External Audit's management letter/report;
- a report on any proposals to tender for audit functions;
- a report on co-operation between Internal and External Audit;
- a report on counter fraud and bribery arrangements and performance;
- reports from other sources within the "three lines of assurance" risk management and control model (ownership, oversight, independent assurance);
- reports on matters identified as high risk to the organisation.

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Appendix

Committee members as at 19 April 2022:

Nick Martin, Chair

To be appointed 19/4/22 (to 30/6/24)

Angela Morgan

To be appointed 19/4/22 (to 30/6/24)

James Walker

To be appointed 19/4/22 (to 30/6/24)