

Audit Risk and Assurance Committee

Terms of Reference

1. Role

- 1.1 The Corporate Body of Redress Scotland has established an Audit, Risk and Assurance Committee (ARAC) to support it in its responsibilities for issues of risk, control and governance and associated assurance through a process of constructive challenge.
- 1.2 The ARAC will advise the Corporate Body, the Oversight Board and the Accountable Officer on:
 - the strategic processes for risk, control and governance;
 - assurances relating to corporate governance including certificates of assurance and the Governance Statement;
 - 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 and/or report;
 - the effectiveness of the internal control environment;
 - the planned activity and results of both internal and external audit;
 - the adequacy of management response to relevant issues identified by audit activity or by Parliamentary Committees;
 - anti-fraud policies, whistle-blowing processes, and arrangements for special investigations;
 - the accounting policies, the accounts, 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;
 - where appropriate, proposals for tendering for either internal or external audit services or for purchase of other external assurance services; and
 - any other matter that is referred to the committee by the Corporate Body, the Management Committee or the Accountable Officer.

2. Membership

- 2.1 The ARAC is chaired by a governance member of Redress Scotland appointed to undertake this role. The other members of the Audit and Risk Committee are:
- 2.2 a minimum of one non-executive director recruited through the Ministerial appointments process to discharge this function;
- 2.3 One panel member, appointed for a period set by the Chair of Redress Scotland, recruited through a process of expressions of interest and assessment against required skills and experience open to all panel members ; and
- 2.4 If appropriate, co-opting of individuals with relevant skills and experience to assist in discharging the committee functions.
- 2.5. All members of the committee will have access to appropriate and relevant training, including an induction for new members of the committee.

3. Reporting

- 3.1 The ARAC will report in writing to the Corporate Body and Accountable Officer after each meeting. A copy of the minutes of the meeting will usually form the basis of the report. The report will:
 - set out any significant issues which have emerged since the previous committee meeting; and
 - alert the Corporate Body, the Oversight Board and the Accountable Officer to any issues that pose a material risk to the delivery of Redress Scotland's aims, strategic objectives and programmes of work.
- 3.2 The ARAC will provide the Corporate Body and Accountable Officer with an Annual Report, timed to support finalisation of the Annual Accounts and the Governance Statement, summarising its conclusions from the work it has completed during the year.
- 3.3 The ARAC will also annually review its own effectiveness and report the results of that review to the Corporate Body and the Accountable Officer.

4. Rights

- 4.1 The ARAC may:
- co-opt additional members for a period not exceeding one year to provide specialist skills, knowledge and experience; and
 - procure specialist ad-hoc advice at the expense of Redress Scotland, subject to budgets agreed by the Oversight Board and/or the Accountable Officer.

5. Access

- 5.1 The Head or representative of Internal Audit and the representative of External Audit will have free and confidential access to the Chair of the ARAC. This will be a two-way process for both parties and the Chair of the Audit and Risk Committee will also have free and confidential access to the Head or representative of Internal Audit and the representative of External Audit.

6. Meetings

- 6.1 The Committee will meet at least four times a year. The Committee Chair may convene additional meetings as they deem necessary.
- 6.2 A meeting of the ARAC will be quorate if two governance members are present. No business will be transacted at a committee meeting if it is not quorate.
- 6.3 Meetings of the ARAC will be held by audio or video conference or in person as agreed with the Committee Chair. Where a meeting is being held in person, members of the committee may, by exception and with agreement of the Committee Chair, attend by audio or video conference.
- 6.4 The ARAC will be attended by one or more representatives of Internal Audit, one or more representatives of External Audit and the Chief Executive.
- 6.5 The Committee may require any other member of Redress Scotland Staff to attend to assist it with its discussions on any particular matter.
- 6.6 The Chief Executive will nominate staff to act as the Committee Secretariat for ARAC. This will generally be the Governance Secretary, however they will be assisted by other members of staff as required.
- 6.7 The Committee Secretariat will arrange ARAC meetings at least six months in advance.
- 6.8 Not less than seven calendar days prior to the date of a committee meeting the following documents will be issued electronically by the Committee Secretariat to each Committee member:

- a notice convening the meeting (detailing date, time and location);
 - an agenda detailing the business to be transacted (with each item clearly indicating whether the matter is for information, discussion or for decision); and
 - reports and other documents referred to in, or to be read with, the agenda (specifying whether documents are for information, discussion or decision).
- 6.9 Late papers will be issued or tabled only in exceptional circumstances and at the discretion of the Committee Chair or the Committee Chair's nominated deputy.
- 6.10 The Committee may ask any or all of those who normally attend but who are not members of the Committee to withdraw to facilitate open and frank discussion of particular matters. Specifically, the Committee will, at a minimum annually, meet representatives of Internal and External Audit without any members of staff of Redress Scotland being present.
- 6.11 The Oversight Board or Accountable Officer may ask the Committee to convene further meetings to discuss particular issues on which they require the Committee's advice.

7. Information requirements

- 7.1 For each meeting the ARAC will be provided with:
- a report summarising any significant changes to the Redress Scotland Corporate Risk Register;
 - information about any known fraud or financial irregularity that has arisen since the previous meeting, and updates on any previous fraud or financial irregularity which is still under consideration by the committee;
 - a progress report from the Head or representative of Internal Audit summarising:
 - work performed (and a comparison with work planned);
 - key issues emerging from Internal Audit work;
 - management response to Internal Audit recommendations;
 - significant changes to the Internal Audit plan; and

- any resourcing issues affecting the delivery of Internal Audit objectives;
- a progress report from the External Audit representative summarising work done and emerging findings.

7.2 As and when appropriate the Committee will also be provided with other documents including:

- proposals for the Terms of Reference of Internal Audit;
- 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 Redress Scotland;
- the draft Governance Statement;
- an annual report on information governance from the Senior Information Risk Owner;
- a report on any changes to accounting policies;
- external Audit's management letter and/or report;
- a report on any proposals to tender for internal Audit functions; and
- a report on co-operation between Internal and External Audit.

This is not an exhaustive list and other reports may be provided with the agreement of the Committee Chair.