

Arts Council of Northern Ireland

Audit and Risk Committee

Terms of Reference

12 October 2023



Audit and Risk Committee Terms of Reference

Date Created / Reviewed	Updated / Issued by	Status
12 October 2023	WL/DD	Annual Review Agreed by the Board
26 June 2023	PB/DD	Reviewed by Committee
20 October 2022	WL/DD	Annual Review Agreed by the Board
20 June 2022	JA/DD	Reviewed by Committee
1 December 2021	JA/DD	Annual Review Agreed by the Board
13 October 2021	JA/DD	Reviewed at Board Effectiveness session
25 June 2021	JA/DD	Reviewed & Updated by Committee
14 December 2020	KR/DD	Update agreed by Committee
20 October 2020	KR/DD	Updated following internal audit recommendation
29 May 2020	KR/DD	Annual Review Agreed by the Board
13 January 2020	KR/DD	Reviewed & Updated by Committee
28 March 2019	AC/DD	Annual Review Agreed by the Board
14 January 2019	AC/DD	Reviewed & Updated by Committee
29 March 2018	AC/JW	Annual Review Agreed by the Board
15 January 2018	AC/JW	Reviewed & Updated by Committee
29 March 2017	AC/JW	Annual Review Agreed by the Board
16 January 2017	AC/JW	Reviewed by Committee
24 March 2016	AC/GT	Annual Review

Audit and Risk Committee

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1. Authority

- 1.1.** The Audit and Risk Committee is a Committee of the Board. It is an advisory committee with no executive responsibility. The Committee is authorised by the Board to investigate any activity within its Terms of Reference. It is authorised to seek any information it requires from any employee, and all employees are directed to co-operate with any request made by the Committee. The Committee has no decision-making powers but should make recommendations to the Board for approval.
- 1.2.** The Committee requires to be adequately resourced and may, after discussion with the Board Chair and Chief Executive, obtain independent professional advice or secure the attendance of non-members with recent and relevant financial experience and expertise if it considers this necessary.

2. Constitution and Membership

- 2.1.** The Audit and Risk Committee will consist of a minimum of three members of the Board, of whom one will be appointed as Chair. It is a requirement that at least one member has significant, recent and relevant financial experience. Members will be selected using formal assessment criteria by the Chair and Vice Chair of the Board after consultation with the Audit & Risk Committee Chair and the Chief Executive. The Board Chair, or Acting Chair, should not be member of the Committee.
- 2.2.** Independent external members may, with the agreement of the Chair of the Board, the Committee Chair and the Chief Executive be co-opted through a formal process. All appointments will be approved by the Board.
- 2.3.** All appointments will be approved by the Board and a letter of appointment will be issued to each committee member.
- 2.4.** Members shall hold office for a period of four years agreed by the Board and be eligible for reappointment as detailed in the letter of appointment. Any member of the Audit and Risk Committee ceasing for any reason to be a member of the Board will cease to be a member of the Audit and Risk Committee and the vacancy will be filled by the Board as soon as may be possible.
- 2.5.** Board members who are not members of the Audit and Risk Committee will have the right of attendance.

3. Responsibilities of the Audit and Risk Committee

- 3.1** The Audit and Risk Committee should support the Board and Accounting Officer by reviewing the comprehensiveness of assurances in meeting the Board and Accounting Officer's assurance needs, and by reviewing the reliability and integrity

of these assurances. In particular the Committee will review the effectiveness of and advise the Board and Accounting Officer on:-

- 3.1.1** the strategic processes for risk, control and governance including the annual Governance Statement.
- 3.1.2** 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.
- 3.1.3** the planned activity and results of both internal and external audit.
- 3.1.4** adequacy of management response to issues identified by audit activity, including external audit's report to those charged with governance (sometimes referred to as a "management letter").
- 3.1.5** assurances relating to the corporate governance requirements for the organisation including relevant reports from the Department, NIAO and other organisations.
- 3.1.6** proposals for tendering for Internal Audit services or for purchase of non-audit services from contractors who provide audit services.
- 3.1.7** anti-fraud/bribery and public interest disclosure (whistleblowing) policies and processes and arrangements for special investigations.
- 3.2** the Audit and Risk Committee should also periodically review its own effectiveness, constitution and terms of references and present the outcome for consideration at a Board annual effectiveness review.

4. Proceedings

- 4.1.** The role and functions of the Audit and Risk Committee will be carried out in accordance with the Management Statement and Financial Memorandum, issued by the Department, the Standing Orders of the Board, the Schedule of Matters Reserved to the Board and Scheme of Delegation and the Committee's Terms of Reference.
- 4.2.** The Audit and Risk Committee should normally meet at least four times per year. Further meetings may be convened to discuss particular issues on which the Committee's advice is required.
- 4.3.** The quorum will be two members of the Audit and Risk Committee one of whom may be a co-opted member. In the absence of the Chair of the Committee at any specific meeting another Board member of the Committee will deputise.
- 4.4.** The Chief Executive, the Director of Finance and Corporate Services (or equivalent), representatives of Internal Audit and External Audit, DfC may, attend Audit and Risk Committee meetings along with a note taker. In the interests of ensuring the efficient use of staff time, other staff members may be required to attend for specific items.

- 4.5.** The Audit and Risk Committee may require any or all of those who normally attend but who are not members, to withdraw to facilitate open and frank discussion of particular matters.
- 4.6.** The Audit and Risk Committee will aim to agree its annual meeting dates in advance of the year in question.
- 4.7.** The agenda for each meeting of the Audit and Risk Committee will be agreed with the Chair of the Committee and circulated, along with the papers, at least seven days in advance to each member of the Audit and Risk Committee; any other person required to attend.
- 4.8.** The Audit and Risk Committee should encompass all the assurance needs of the Board and Accounting Officer. Within this the Audit and Risk Committee should have particular engagement with the work of Internal Audit, risk management, the External Auditor and financial management and reporting issues.
- 4.9.** Internal and External Audit will have free and confidential access to the Chair of the Audit and Risk Committee.
- 4.10.** The Chair of the Audit and Risk Committee may also meet privately with the internal and external auditors or in the presence of the Board Chair, the Chief Executive and the Director of Finance & Corporate Services.
- 4.11.** A record of those present and in attendance will be recorded along with any conflicts of interest.
- 4.12.** The Committee will be provided with appropriate internal and external induction programmes aimed specifically at Audit and Risk and ongoing training on a timely basis.

5. Reporting Procedures

- 5.1.** The Chair of the Audit and Risk Committee will present a verbal summary report of the Committee's deliberations drawing significant items to the attention of the Board at its next full meeting.
- 5.2.** The Minutes of the Audit and Risk Committee meetings will be formally recorded, agreed with its Chair, and submitted to the Board for noting in its Minutes, in a timely manner. Unconfirmed Minutes will be submitted to DfC once agreed by the Committee Chair.
- 5.3.** The Audit and Risk Committee will provide the Board and Accounting Officer with an Annual Report, timed where possible, to support the finalisation of the Exchequer and Lottery accounts and the annual Governance Statement, summarising its conclusions from the work it has done during the year.
- 5.4.** The Audit and Risk Committee will make reports and recommendations to the Board on matters within its Terms of Reference as it shall think fit.