



NORTHERN IRELAND PUBLIC SERVICES OMBUDSMAN (NIPSO)

AUDIT AND RISK COMMITTEE

Terms of Reference

1. Introduction

- a. The Audit and Risk Committee (the Committee) is appointed by the Ombudsman as Accounting Officer. It is an advisory body with no executive powers. It is appointed to support the Ombudsman as Accounting Officer in monitoring the corporate governance and control systems in the NIPSO Office.
- b. It fulfils this role by offering objective advice on risk management, the control environment, and governance. The integrity and the comprehensiveness of the financial statements and the reliability of the annual report of assurance.
- c. These issues are considered by reviewing the assurances on risk management, the control environment and governing provided management, in conjunction with consideration of the work undertaken by internal and external audit throughout the course of the financial year.

2 Authority

- a. The Committee is authorised by the Ombudsman to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any member of staff and all staff are directed to co-operate with any request made by the Committee.
- b. The Committee meets in accordance with its Terms of Reference which, in turn, are informed by the core work programme laid out in HM Treasury's Audit and Risk Assurance Committee Handbook, March 2016.

3. Membership

- a. The Audit and Risk Committee membership consists of non-executives as follows: Dónall Curtin, (Chair); Ursula O'Hare; and a third subject to an ongoing recruitment process as at May 2021. In line with HM Treasury's best practice guidance on the operation of such committees, the Committee is chaired by a non-executive member.
- b. The Office's External Audit Assignment Director, or their representative, and the Internal Audit Assignment Director, or their representative, are invited to attend meetings. Other attendees routinely include: the Ombudsman; the Deputy Ombudsman; and the Director of Finance and Corporate Services.
- c. The Committee routinely receives oral reports from representatives of the external and internal auditors on their work programmes, supplemented by formal audit reports at appropriate junctures during the year.
- d. The Committee is provided with a secretarial function by the administration section of NIPSO's Corporate Services.
- e. The Committee may also co-opt a member(s) for a period of time (not exceeding a year and with the approval of SMT) to provide specialist knowledge and/or experience if it is deemed necessary. This may also involve procuring a service or external expertise/experience on an ad-hoc basis.

4. Duties of the Committee

- a. The duties of the Committee are to review arrangements put in place by the Office and its management with regard to: risk, governance, independence and effectiveness of internal and external control; maintenance of proper accounting records and quality of financial statements; policies against fraud; implementation of new systems and compliance with laws and regulations; and more specifically to review:
 - the accounts for the year just finished prior to their finalisation and submission for audit;
 - the content of the Governance Statement for the year, presented alongside the finalised accounts;
 - Financial Management budgetary reports;
 - Internal Audit's finalised periodic work plan;
 - Internal Audit opinion for the financial year just finished;

- the Internal Audit strategy and the periodic work plan for the financial year;
- emerging findings from Internal Audit engagements;
- the emerging External Audit opinion for the financial year just finished and advising the Accounting Officer on signing the accounts and the Governance Statement;
- 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;
- the External Audit management letter for the previous year, any emerging findings from the current interim / in-year work of External Audit, and External Audit's approach to their work;
- External Audit strategy proposed in respect of the current year's accounts;
- any residual actions arising from the previous year's work of both internal and external audit;
- re-visiting emerging findings from auditors and review actions in response to the External Audit management letter and internal audit reports;
- periodically its own effectiveness and report on that review to the Accounting Officer;
- Anti-fraud policies & whistleblowing practices for appropriateness and effectiveness;
- Issue of annual assurance reports to the Ombudsman as Accounting Officer;
- Review procurement single tender actions; and
- Disaster recovery contingency, crisis planning and business continuity

5. Information requirements

a. The Audit and Risk Committee will be provided, as appropriate, with:

- A report summarising any significant changes to the Office's Risk Register;
- A report on any internal audit reviews ;
- Internal Audit Charter;
- Draft and final accounts;
- Draft and final Governance Statement;
- A report on any changes to accounting policy;
- External Audit's management letter;
- A report on any proposals to tender for audit functions;
- A report on co-operation between Internal and External Audit;
- An Annual Audit Strategy from NIAO;
- A 'Report to Those Charged With Governance Report' from NIAO;

- Record of decision and matters arising from minutes of Senior Management Team Meetings;
 - Report from external expert (as required);
 - Annual NIPSO Business and Strategic Plans;
 - Ombudsman's Report;
 - Report on Office performance against KPIs;
 - Reports on budgets and financial outcomes;
 - Report on ongoing implementation of NIPSO functions and remits; and
 - DAO and FD Letters.
- b. In relation to strategic processes for risk, control and governance, the Committee, in the course of its work, aimed to secure assurances:
- that the risk management culture was appropriate;
 - that there was a comprehensive process for identifying and evaluating risk, and for reviewing what levels of risk were tolerable;
 - that the Risk Register was an appropriate reflection of the risks facing the NIPSO;
 - that appropriate ownership of risk was in place;
 - that management had an appropriate view of how effective internal control was;
 - that risk management was carried out in a way that benefited the NIPSO and added value;
 - that the NIPSO as a whole was aware of the importance of risk management and risk priorities;
 - that the system of internal control was effective;
 - that good corporate Governance priorities and arrangements are in place; and
 - that the Ombudsman's Annual 'Governance Statement' was comprehensive and evidence based.

6. Meetings

- a. Meetings shall be held quarterly but the Chair may convene additional meetings as deemed necessary.
- b. The Ombudsman as Accounting Officer may seek the advice of the Audit and Risk Committee and may wish to convene further meetings to discuss particular issues.

- c. A minimum of 2 independent members of the Committee will be present for the meeting to be deemed quorate.
- d. The Committee may ask other NIPSO officials of the Office to attend to assist it with its discussions on any particular matter.
- e. The Chair of the Committee should meet with the Ombudsman, Head of Internal Audit and the Director of External Audit bilaterally at least once a year.

7. Reporting

- a. Discussions at the Committee meetings shall be formally recorded and the Chair will advise the Ombudsman of the outcome of proceedings.
- b. Clear direct lines of communication and reporting will be maintained between the Chair of the Committee and the Ombudsman, Head of Internal Audit, Director of External Audit and the NI Assembly Audit Committee.
- c. The Committee will provide the Ombudsman with an Annual Report, timed to support finalisation of the annual accounts and the Governance Statement, summarising its conclusions from the work it has done during the preceding year.

8. Responsibility

- a. In the event of a disagreement between the Committee and the Senior Management Team, the Ombudsman will take any necessary decision as she has ultimate responsibility, given her legal status as a Corporation Sole.

9. Conflict of interest

- a. It is the responsibility of the Committee members to proactively declare any potential conflict of interest arising out of business arising on the Committee's agenda or from changes in the member's personal circumstances. This should be a standing first item on the agenda of every Committee meeting. Should a conflict be declared the Chair of the Committee will then determine an appropriate course of action with the member.
- b. If it is the Chair who has a conflict of interest, the Ombudsman will ask one of the non-executive attendees to lead in determining the appropriate course of action.

10. Access

- a. The Head of Internal Audit and the representative of External Audit will have unhindered and confidential access to the Chair of the Committee.
- b. The Chair of the NI Assembly Audit Committee will have access to the Chair of the Committee.

11. Outline Annual Work Programme of the Audit and Risk Committee

- a. The Annual Core Work Programme is detailed at Appendix 1.

12. Review

- a. These Terms of Reference will be reviewed annually.

13. Publication of Terms of Reference

- a. The up-to-date Terms of Reference are publicly available on NIPSO's website.

May 2021

Audit and Risk Committee (ARC) Annual Core Work Programme.

The Audit and Risk Committee will ordinarily meet four times a year.

The meetings will be held in April/May, June/July, October/November and January/February. Meetings will normally be scheduled for the third/fourth Thursday of the month, apart from April/May which will be scheduled to meet the Annual Resource Accounts return to the NIAO and review of the Draft Governance Statement.

The following is the core work programme identified for each meeting. This is not a definitive list but is a guide to the core issues to be reviewed.

Late April/Early May

Committee Matters:

- Apologies
- Conflicts of interest
- Agree minutes of last meeting
- Review action points and update from last meeting

Performance:

- Comment on the annual report and accounts for the year just finished prior to their finalisation and submission for Audit (Financial sections only)
- Advise on the Governance statement for the year just finished
- Review Case Performance Management

Audit, Accountability and Governance:

- Consider any Internal Audit Reports and Internal Audit's opinion for the financial year just finished
- Review progress against NIPSO Strategic Plan

Risk:

- Consider the Risk Register(Summary)

General:

- Subject of Interest
- **For information**
- Schedule of progress made against audit recommendation
- Senior Management Team Meeting Minutes
- DAO's and FD issued
- Risk Register
- Financial Management Report
- Policy progress schedule

Prior to the June meeting the finalised Annual report section of the Annual Report and Accounts will be issued to the ARC for consideration in May for review, comments (if any) and onward submission to NIAO by early June.

Late June

Committee Matters:

- Apologies
- Conflicts of interest
- Agree minutes of last meeting

- Review action points and update from last meeting

Performance:

- Financial Review
- Case Performance Management Review

Audit, Accountability and Governance:

- Consider External Audit's Draft Report To Those Charged With Governance
- Review and Challenge Internal Audit's strategy and work plan for the current year
- Review progress made against NIPSO Strategic Plan including current year business objectives

Risk:

- Consider the Risk Register (Summary)

General:

- Subject of Interest

For information

- Schedule of progress made against audit recommendations
- Senior Management Team Meeting Minutes
- DAO's and FD issued
- Risk Register
- Financial Management Report
- Policy progress schedule

Late October/Early November

Committee Matters:

- Apologies
- Conflicts of interest
- Agree minutes of last meeting
- Review action points and update from last meeting

Performance:

- Financial Review
- Case Performance Management Review

Audit, Accountability and Governance:

- Consider External Audit's Final Report To Those Charged With Governance
- Consider mid-year report(s) from Internal Audit
- Review progress against NIPSO Strategic Plan including current year business objectives
- Agree the ARC Chair's Annual report to the Accounting Officer

Risk:

- Consider the Risk Register (Summary)

General:

- Subject of Interest

For information

- Schedule of progress made against audit recommendation
- Senior Management Team Meeting Minutes
- DAO and FD Letters issued since last meeting
- Risk Register
- Financial Management Report

- Policy progress schedule

Late January/Early February

Committee Matters:

- Apologies
- Conflicts of interest
- Agree minutes of last meeting
- Review action points and update from last meeting

Performance:

- Financial Review
- Case Performance Management Review

Audit, Accountability and Governance:

- Consider mid-year report(s) from Internal Audit
- Review progress against NIPSO Strategic Plan and current year business objectives
- Consider the Committee's own Effectiveness in its work
- Review the overall Assurance Framework
- Consider the External Audit Strategy and work plan
- Review NIPSO Strategic Plan including next financial year's Business Plan and objectives
- Review the Terms of Reference of the ARC including the core work programme for next the financial year

Risk:

- Consider the Risk Register (Summary)

General:

- Subject of Interest

For information

- Schedule of progress made against audit recommendation
- Senior Management Team Meeting Minutes
- DAO's and FD issued
- Risk Register
- Internal Annual Budget
- Policy progress schedule