

GLA18/7.7 ARC Terms of Reference

16 April 2008

BOARD PAPER REFERENCE – GLA18/7.7 – ARC Terms of Reference

Issue

1. The Terms of Reference for the Audit and Risk Committee have now been prepared and are presented here for the GLA Board.

Recommendation

2. The Board is invited to agree the terms of reference for the ARC committee.

Background

3. The GLA Board has established an Audit and Risk Committee to support them in their responsibilities for issues of risk, control and governance and associated assurance.

Membership

4. The members of the Audit and Risk Committee are 4 Non-Executive Board members.
5. The Audit and Risk Committee will be chaired by Jane Betts.
6. The Audit and Risk Committee will be provided with secretarial function by the Finance Director of the Authority. Under normal circumstances members of the ARC will retire after 3 years service and if appropriate offer themselves for re-election by the Board.

Meetings

7. The Audit and Risk Committee will meet at least four times a year. The Chair of the Audit and Risk Committee may convene additional meetings as deemed necessary.
8. A minimum of 2 members of the Audit and Risk Committee will be present for the meeting to be deemed quorate.
9. Audit and Risk Committee meetings will normally be attended by the Accounting Officer, the Finance Director, the head of Internal Audit, and a representative of External Audit.
10. The Audit and Risk Committee may ask other officials of the organisation to attend to assist it with its discussion on any particular matter.
11. The Audit and Risk 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.

12. The Board may ask the Audit and Risk Committee to convene further meetings to discuss particular issues on which they want the Committee's advice.

Rights

13. The Audit Committee may:
 - Co-opt additional members for a period not exceeding a year to provide specialist skills, knowledge and experience.
 - Procure specialist ad-hoc advice at the expense of the Authority, subject to budgets as agreed by the Board.

Access

14. The Head of Internal Audit and the representative of External Audit will have free and confidential access to the Chair of the Audit Committee, and would be expected to attend meetings.

Reporting

15. The chair of the ARC will make three verbal reports along with an annual written report to the Board and the Accounting Officer. This will be timed to coincide with the finalisation of the accounts and the Statement on Internal Control, summarising its conclusions from the work it has done during the year along with reporting on the effectiveness review of the committee.

Responsibilities

16. The Audit and Risk Committee will advise the Board on:
 - The strategic process for risk, control and governance and the Statement on Internal Control.
 - 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.
 - Adequacy of management response to issues identified by audit activity, including external audit's management letter.
 - Assurances relating to the corporate governance requirements for the organisation.

- Proposals for tendering for either Internal or External Audit services or for purchase of non-audit services from contractors who provide audit services.
- Anti-Fraud Policies, Whistle-Blowing processes and arrangements for special investigations.
- Annually review and report on the committee's own effectiveness to the Board.

Information requirements

17. The audit and Risk Committee will be provided with:

For each meeting:

- A report summarising any significant changes to the Authority's business and fraud risk registers.
- A report on the financial position of the Authority.

A progress report from the Head of Internal Audit summarising:

- Work performed (and a comparison with work planned)
- Key issues emerging from Internal Audit work
- Management response to audit recommendations
- Changes to the Periodic Plan
- Any resource issues affecting the delivery of Internal Audit objectives
- A progress report from the External Audit representative summarising work done and emerging findings

As appropriate:

- 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 the organisation
- The draft Statement on Internal Control

- A report on any changes to accounting policies
 - 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
18. The Terms of References will be reviewed by the Audit and Risk Committee on an annual basis to ensure continuing applicability.