

# Audit and risk committee terms of reference

## Purpose and Role

- a. The IPO Steering Board has established an Audit and Risk Committee as a Sub-Committee of the Board to support them in their responsibilities for issues of risk, control and governance by reviewing the comprehensiveness of assurances in meeting the Board and Accounting Officer's assurance needs and reviewing the reliability and integrity of these assurances.
- b. The Audit and Risk Committee has an advisory role rather than a decision-making role; however, the Committee acts in line with good practice of a traditional decision-making Audit Committee.

## Membership

- a. Chair: Andrew Lawrence (Non-Executive Director)
- b. Members:
  - Lopa Patel (Non-Executive Director)
  - Kevin Orford (Non-Executive Director)
  - Christopher Pleass (Independent member – Insolvency Service)
  - Andrew Lawrence (Non-Executive Director)
- c. Obligatory Attendees:
  - Chief Executive and Accounting Officer
  - Finance Director
  - Deputy CEO and Director of Services
- d. By Invitation (who normally attend):
  - Government Internal Audit Agency
  - National Audit Office
  - Head of Governance and Risk
  - BEIS Representative
  - External Auditors
- e. Further members of National Audit Office and External Audit regularly attend, by agreement with the Chair.
- f. Executive Directors of the IPO may be invited to attend the Audit and Risk Committee meetings.

- g. Quorum: The Audit and Risk Committee is quorate when at least three members are present. In the circumstances where the Chair is unable to attend, then a deputy may be nominated.
- h. Deputies: Multiple representation of invited attendees is permitted by agreement with the Chair. Deputies may be provided for invited attendees by agreement with the Chair.
- i. The Audit and Risk Committee may ask any other officials of the Intellectual Property Office or Government Departments to attend, to assist it with its discussions on any particular item.
- j. The Audit and Risk Committee may occasionally and with prior notice ask any or all of those who normally attend but who are not members to withdraw to facilitate discussion of particular items or for the committee to assemble its advice to the Steering Board.

## Reporting

- a. The Audit and Risk Committee will formally report in writing to the Steering Board and Accounting Officer after each meeting.
- b. The Audit and Risk Committee will provide the Steering Board and Accounting Officer with an Annual Report, timed to support finalisation of the accounts and the Governance Statement, summarising its conclusions from the work it has done during the year.

## Responsibilities

- a. The Audit and Risk Committee will advise the Steering Board and Accounting Officer on:
  - The strategic processes for risk, control and governance and the Governance Statement;
  - The accounting policies and key judgements, 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 management of risk and corporate governance requirements for the organisation;
  - (where appropriate) 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;
  - The Audit and Risk Committee will also periodically review its own effectiveness and report the results of that review to the Board.

# Rights

The Audit and Risk 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 relevant to the work of the Committee at the expense of the organisation, subject to budgets agreed by the Board.

# Access

The Head of Internal Audit, representatives of External Audit and the Head of Governance and Risk will have free and confidential access to the Chair of the Audit and Risk Committee.

# Meetings

- 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 they deem necessary;
- A minimum of 3 members of the Audit and Risk Committee will be present for the meeting to be deemed quorate.
- The Steering Board or the Accounting Officer may ask the Audit and Risk Committee to convene further meetings to discuss particular issues on which they want the Committee's advice.
- Meetings may be held in Newport, London or by videoconference.
- The Chair of the Audit and Risk Committee will hold annual bilateral meetings with the Accounting Officer, Director of Finance and representatives from Internal and External Audit.

# Support and Information requirements

- The Audit and Risk Committee is supported by the IPO Secretariat. Minutes of each meeting will be circulated for comment within two weeks and presented to the Steering Board following approval by the Chair of the Audit and Risk Committee. They will be tabled for general approval at the next Audit and Risk Committee meeting.
- Papers for the Committee must be provided to the Secretariat at least five working days before the meeting.
- An agenda and papers for each meeting will be circulated to all attendees five working days before the meeting.

For each meeting the Audit and Risk Committee will be provided with:

- A verbal update from the Accounting Officer

- A report of the performance of the IPO against corporate targets
- A report summarising any significant changes to the organisation's strategic risks and a copy of the strategic/corporate Risk Register;
- A progress report from the Head of Internal Audit summarising:
  - Work performed (and a comparison with work planned);
  - Key issues emerging from the work of internal audit;
  - Management response to audit recommendations;
  - Changes to the agreed internal audit plan; and
  - Any resourcing issues affecting the delivery of the objectives of internal audit;
- Progress on the draft accounts of the organisation; this may include:
  - The draft Annual Report and Accounts
  - The draft Governance Statement;
  - A report on any changes to accounting policies;
  - External Audit's management letter;
  - Lessons learned and review of recommendations from the management letter
  - Draft year end accounts timetable

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

- A progress report (written/verbal) from the External Audit representative summarising work done and emerging findings (this may include, where relevant to the organisation, aspects of the wider work carried out by the NAO, for example, Value for Money reports and good practice findings);
- Management assurance reports; this may include reports on information security, fraud and error, whistleblowing etc.
- Reports on the management of major incidents, "near misses" and lessons learned.
- Proposals for the terms of reference of internal audit / the internal audit charter;
- The internal audit strategy;
- The Head of Internal Audit's Annual Opinion and Report;
- Quality Assurance reports on the internal audit function;
- A report on any proposals to tender for audit functions;
- A report on co-operation between internal and external audit; and
- The organisation's Risk Management strategy.

## Review

The Audit and Risk Committee undertake an annual self-assessment using NAO tools.

The Audit and Risk Committee will:

- Conduct an annual review of the Terms of Reference
- Circulate any revised terms to the Steering Board for approval

## Change Log

Date	Notes
27.11.19	Change Log added. Membership updated.
06.05.20	Obligatory attendees updated.
26.11.20	Updated following ARC annual review and agreement of new Forward Plan. Membership updated.
08.03.21	Quorum updated.
26.07.21	Updated quorate following ARC review of ToR. Amendments made to formatting and appearance in line with revised document accessibility requirements.
06.09.22	Update to job title of Deputy CEO