



# Natural England Audit Risk and Assurance Committee (ARAC)

## Terms of Reference

### Purpose

As required by the Natural England Framework Document<sup>1</sup>, the Natural England Board has established an Audit and Risk Assurance Committee (ARAC) as a 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.

### Aims and responsibilities

ARAC is responsible for advising the Board and Accounting Officer on:

- the strategic processes for risk, control and governance and the Governance Statement;
- 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;
- the 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; and

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[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/647574/natural-england-framework-document.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/647574/natural-england-framework-document.pdf)

- anti-fraud policies, whistle-blowing processes, and arrangements for special investigations.

## **Authority**

ARAC supports the Board in their responsibilities for risk management, control and governance. It does this by reviewing the comprehensiveness, reliability and integrity of assurances. The Committee acts in a scrutiny and advisory capacity and it has no executive authority.

The Committee may procure specialist ad-hoc advice at the expense of the organisation, subject to budgets agreed by the Board.

On specific occasions, the Board may delegate specific tasks to ARAC, for example to assist the Executive in managing specific risks or to provide additional assurances.

## **Membership**

The Schedule of Current Members and the supporting members of staff is presented in Annex A. ARAC may co-opt additional members for a period not exceeding a year to provide specialist skills, knowledge and experience.

## **Meetings / ways of working**

- ARAC will meet at least four times a year. The Chair of ARAC may convene
- additional meetings, as they deem necessary.
- A minimum of 2 members of the Committee will be present for the meeting to be
- deemed quorate.
- In addition to members of staff listed in annex A, ARAC may ask any other officials
- of the organisation to attend to assist it with its discussions on any particular matter.
- The Chair of ARAC 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.
- The Board or the Accounting Officer may ask ARAC to convene further meetings to
- discuss particular issues on which they want the Committee's advice.
- Outside meetings, both the Head of Internal Audit and External Audit / NAO will have
- free access to the Chair of ARAC

## **Key activities / information requirements**

For each meeting ARAC will be provided (in advance) with:

- 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
- a progress report (written or 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; and
- reports on the management of major incidents, “near misses” and lessons learned.

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

- 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;
- the draft accounts of the organisation;
- the draft Governance Statement;
- 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; and
- the organisation’s Risk Management strategy.

ARAC also periodically review its own effectiveness and report the results of that review to the Board

## **Outputs**

- ARAC will formally report in writing to the Board after each meeting
- ARAC will provide the 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