

**Office of the Secretary of State for Wales
(Wales Office)
Audit & Risk Assurance Committee
Terms of Reference**

1 Purpose

- 1.1 The Audit & Risk Assurance Committee (ARAC) is a sub Committee of the Office of the Secretary of State of Wales ("The Office) Departmental Board. Its purpose is to support the Board and Accounting Officer in their responsibilities for risk management, and control and governance, by reviewing the comprehensiveness, reliability and integrity of assurances. The Committee acts in a scrutiny and advisory capacity and has no executive powers.

2 Duties

- 2.1 The focus of the Committee's work will be determined by the Office's strategic objectives and other organisational priorities. The Committee will: -
- consider and approve the plans for internal and external audit;
 - ensure that there are levels of assurance in place which are aligned to the delivery of the Office's strategic objectives and other organisational priorities and consistent with the risk appetite agreed by the Board;
 - review the effectiveness of the risk management process, in order that major risks are identified and that mitigation strategies are in place, and make recommendations about these issues to the Board;
 - ensure that there are effective and comprehensive arrangements for corporate governance, and make recommendations about these issues to the Board; and
 - provide an independent and objective view on the effectiveness of internal controls, and review the Governance Statement.
- 2.2 The Committee will also advise the Board and Accounting Officer about: -
- the strategic processes for risk, control and governance;

- the content of the Governance Statement;
- accounting policies, the Annual Report and Accounts, (including the process for review of the Accounts prior to submission for audit), levels of error identified, and the Accounting Officer letter of representation;
- value for money issues;
- the results of both internal and external audit, and the adequacy of management responses, including the management letter from External Audit;
- review the actions taken by management to implement the recommendations of internal audit and to support the effective working of the internal audit function;
- assurances relating to the Office's corporate governance requirements;
- effectiveness in complying with relevant codes of best practice;
- counter-fraud and anti-corruption policies, whistle-blowing processes and arrangements for special investigations and management's response to any critical incidents;
- information assurance matters, including cyber security;
- its own effectiveness, and an annual review of its terms of reference.

3 Membership

- 3.1 The members of the Committee shall be appointed by the Accounting Officer and shall consist of no fewer than three Committee members comprising the Chair of the Committee, one non-executive member and one other member (none of whom will be the Chair of the Board). The Chair of the Committee should have recent and relevant financial and/or audit qualifications and experience.
- 3.2 A member of the Office shall act as secretary to the Committee.
- 3.3 Other regular attendees at the Committee are:
 - Accounting Officer
 - Head of Finance and Corporate Services
 - External Audit
 - Internal Audit
 - Secretariat
 - Others as invited.

4 Quorum

- 4.1 A minimum of two Committee members must be present for the meeting to be deemed quorate.

5 Meetings

- 5.1 The Committee will meet at least four times a year at times to align with key points in the financial year and governance timetable. The Chair of the Committee, in consultation with the Accounting Officer, may convene additional meetings as deemed necessary.
- 5.2 The Committee will conduct a technical review of the annual accounts in conjunction with the Head of Finance and Corporate Services. The Committee will meet regularly in private with the Internal and External Auditors.
- 5.3 The Committee may ask any other member of staff, or such others as may be appropriate, to attend to assist it with its discussions on any matter and may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussions of matters.
- 5.4 The Board and the Accounting Officer may ask the Committee to convene further meetings to discuss particular issues on which they want the Committee's advice. External auditors or internal auditors have the right to raise any issues with the Chair of the Audit Committee or request a meeting with the Committee at any time.

6 Reporting Requirements

- 6.1 The Chair will provide an annual report on the Committee's work to the Board.
- 6.2 The Committee's duties and activities will be disclosed in the Annual Report and Accounts.

7 Papers and Agendas

- 7.1 The Secretariat shall circulate the agenda and papers five working days before each meeting. The Committee will regularly discuss a forward plan of its work, ensuring that proper attention is given to all matters in these terms of reference.
- 7.2 The Secretariat will circulate the minutes of all meetings to both the members and attendees of the Committee, once they have been approved by the Chair.

8 Conflicts of Interest

- 8.1 Any member or attendee of the Committee who becomes aware of a potential conflict of interest relating to matters being discussed by the

Committee should give prior notification to the Chair or if this is not possible, declare this at the meeting and, where necessary, withdraw during the discussion of the relevant agenda item.