



## Home Office Audit and Risk Assurance Committee Terms of Reference

### Purpose of the Committee

1. The Home Office Departmental Board (hereafter referred to as 'the Board') has established an Audit and Risk Assurance Committee (ARAC) as a sub-committee of the Board. The Committee will 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.
2. In the context of these Terms of Reference the Home Office includes all its associated Agencies and Non Departmental Public Bodies (NDPBs).

### Membership

3. The ARAC will be constituted of:

#### **Members:**

- John Studzinski - Chair: Non-Executive Director of the Departmental Board
- Nicholas Shott – Non-Executive Director of the Departmental Board
- Anne Tutt – Independent Committee Member
- Terry Price – Independent Committee Member
- Claire Cook – Independent Committee Member
- Sarah Pickup – Independent Committee Member

#### **Standing Invitees:**

- Philip Rutnam: Permanent Secretary
  - Mike Parsons: Director General Capabilities & Resources
  - Richard Hornby: Director – Finance and Estates
  - Andrew Wren : (Acting) Director – Performance and Risk
  - Chris Westwood: Chief Internal Auditor (CIA)
  - Liz De Freitas: Home Office Financial Controller
  - Steven Corbishley: NAO Director
  - Louise Bladen: NAO Director, Home Affairs, VFM
4. Audit Committee Chairs from other business areas within the Home Office group will be invited at the chair's discretion, including:
    - Audit Chair – IPCC
    - Audit Chair – SIA
    - Audit Chair – OISC
    - Audit Chair – NCA
    - Audit Chair – DBS

## Reporting

5. The ARAC will formally report in writing to the Board and Accounting Officer after each meeting. These reports will be submitted to the Board Secretariat for circulation to members and inclusion on the agenda of future Board meetings.
6. The Committee 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.
7. The Committee will ratify the audit plans for the Home Office group as a whole, as part of its supervisory role to ensure the totality of the audit plans are appropriate and focussed on the key risk areas across the group.
8. The Terms of Reference for the Committee will be reviewed annually and will be presented to the Board.

## Responsibilities

9. The ARAC has been established and will function in accordance with the 'Audit Committee Handbook' as published by HM Treasury.
10. The Committee will advise the Board and Accounting Officer on:
  - The strategic processes for risk, control and governance and the Governance Statement;
  - the accounting policies (annual review), 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 corporate governance requirements for the organisation;
  - assurances on information handling;
  - assurances on health and safety;
  - (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;
  - assurance on Cyber Security arrangements;
  - any value for money issues arising;
  - the Departmental High Level Risk Register in conjunction with other sources of assurance;
  - internal audit issues raised across the Home Office group, to highlight common concerns across the Home Office; and
  - provide assurance to the Departmental Accounting Officer on the resource accounts and their preparation.
11. The ARAC will have the added responsibility for scrutinising the mechanism by which the Department manages its risks, with the right to conduct specific detailed reviews against the risk management function as it sees fit, with a view to providing assurance on the mechanism and not the detailed risk management on specific risks.

12. The ARAC will periodically review its own effectiveness and report the results of that review to the Board.

## Rights

13. The ARAC may:

- co-opt additional members for a period of initially up to a year to provide specialist skills, knowledge and experience;
- procure specialist ad-hoc advice at the expense of the organisation, subject to budgets agreed by the Board.

## Access

14. The CIA and the representative of External Audit will have free and confidential access to the Chair of the ARAC.

## Meetings

15. The ARAC will meet at least four times a year. The Chair of the ARAC may convene additional meetings, as they deem necessary:

- a minimum of two of the four members of the ARAC will be present for the meeting to be deemed quorate;
- Committee meetings will normally be attended by the Departmental Accounting Officer, the Chief Operating Officer, the Director of Finance and Estates, the Director of Performance and Risk, the Head of FRU, the CIA, and a representative of External Audit;
- the Committee may ask any other officials of the organisation to attend to assist it with its discussions on any particular matter;
- the 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;
- the Board or the Accounting Officer may ask the Committee to convene further meetings to discuss particular issues on which they want the Committee's advice.
- the overall strategy around timing of audit committee meetings will be co-ordinated as a joint exercise between Finance and Internal Audit across the HO group. This is to populate an annual timetable of all audit committee meetings with a proviso of moving to prescriptive timetabling in respect of accounts preparation.

## Links to other Committees

16. The ARAC supports the Board in its role in respect of risk management by providing assurance on the risk management process.

17. The Department has a separate Risk Committee, the Senior Leadership Group on Risk and Safety. This reviews and monitors the main risks to the Home Office and advises the Executive Management Board on what should be included on the corporate register, the effectiveness of mitigation measures and the maturity of risk management procedures across the department. It is chaired by the Director – Performance and Risk.

## Information Requirements

18. For each meeting the ARAC will be provided with as appropriate:

- a report summarising the work of the Risk Committee including any significant changes to the organisation's Risk Register to include information risk;
- a report on information assurance activity;
- a progress report from the CIA summarising:
  - work performed (and a comparison with work planned);
  - key issues emerging from Internal Audit work;
  - changes to the Periodic Plan;
  - any resourcing issues affecting the delivery of Internal Audit objectives;
- a progress report from the External Audit representative summarising work done and emerging findings.
- a progress report from the various Audit Committees' including:
  - summary table of all reports cleared
  - a list of all reviews due within the next period to the subsequent Audit Committee meeting
  - summarised key risks and issues raised
- summaries of all Amber/Red (low assurance) reports and full copies of Red (no assurance) Internal Audit reports for the Core Department and Home Office group entities, once cleared by the individual Subsidiary Audit Committee (SAC) with all full reports available on request.

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

- proposals for the Terms of Reference of Internal Audit;
- the Internal Audit Strategy;
- the Chief Internal Auditor'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;
- External Audit Strategy;
- External Audit's ISA 260 Report to those Charged with Governance;
- NAO's value for money reports;
- a report on any proposals to tender for audit functions;
- a report on co-operation between Internal and External Audit;
- Fraud Risk and Threat Assessment update;
- Annual Corporate Security report;
- Health and Safety report.

## Home Office Audit and Risk Assurance Committee – Who’s Who

### **John Studzinski – Chair, Non-Executive Board Member of the Departmental Board**

John J. Studzinski CBE took up his appointment as anon-executive director of the Home Office in April 2016.

Mr Studzinski is Vice Chairman and a Senior Managing Director of Blackstone where he holds special responsibility for a number of sovereign and institutional relationships, as well as family capital.

He joined Morgan Stanley in New York in 1980 and since then has spent much of his career in London, where he served as Head of European Investment Banking and Deputy Chairman of Morgan Stanley International before moving to HSBC in 2003 as a member of the Group Management Board. He joined Blackstone Advisory partners in 2006, which he ran for nearly a decade.

Mr. Studzinski received the Prince of Wales ambassador award for his work with the homeless. He is founder and chairman of the Genesis Foundation, a UK-based charity that nurtures the careers of outstanding young artists, giving them access to mentors and valuable networks. He is also Vice Chair of Human Rights Watch, and is actively involved with various initiatives and organisations to address the issue of human trafficking and modern slavery.

In 2007 he was voted banker of the year by the Bank of England. In 2008, the Queen’s New Year’s honours list named him Commander of the British Empire for services to the arts and charity.

### **Terry Price – Independent Member**

Terry joined the Audit and Risk Assurance Committee as an Independent Member in February 2016.

Terry holds a number of Non-Executive roles in public and voluntary sector organisations, including Chair of the Audit and Risk Assurance Committee for the Immigration Services Commissioner and Chair of the Audit Committee and a member of the Integrated Governance Assurance Committee for the Ashford & St. Peter’s Hospitals NHS Foundation Trust. He has previously held roles with Children’s Commissioner for England, East Thames Housing Association, Independent Adjudicator for Higher Education Ltd, Audit Committee Criminal Cases Review Commission, Audit Committee National Fire Services Training College and Audit and Standards Committee Elmbridge Borough Council.

Terry is a fully qualified CIPFA accountant and has 30 years’ experience working in local/central government bodies. Most recently, he worked as the Director of Strategic Finance in the Metropolitan Police until 2006 and prior to this Director of Corporate Services for Sport England.

### **Nicholas Shott – Non-Executive Board Member of the Departmental Board**

Nicholas took up his appointment as a NED of the Home Office in February 2017 and joined the Audit Committee in March 2017.

Nicholas Shott went into investment banking in 1991, following a career in the media industry. He is now Vice Chairman of European Investment Banking and Head of UK Investment Banking at Lazard, where he is also a member of the London Management Board.

He is also a NED on the board of Phoenix Group Holdings, the UK’s largest consolidator of closed life assurance funds.

In 2010, he was asked by the Rt. Hon. Jeremy Hunt to lead an investigation into the commercial viability of Local TV in the U.K.

#### **Claire Cook – Independent Member**

Claire joined the Audit and Risk Assurance Committee as an Independent Member in May 2017.

Claire is a qualified accountant with significant financial management and local government experience at a senior level both as a Deputy and Chief Financial Officer. Most recently she was the Assistant Director of Finance at Hertfordshire County Council. She has operational internal audit experience as well as a member of the Shared Internal Audit Service Board and previously the audit committee for Herts for Learning Limited.

Claire has been a non-Executive Director (NED) of several companies including Hertfordshire School Building Partnership. She has worked with directors from the private sector (Balfour Beatty Education Limited and more recently to Amber Infrastructure Limited) on the delivery of the schools building programme and management of the PFI arrangements. She was a member of the Hertfordshire Enterprise Zone Board working with District Senior Officers and Members, the Local Enterprise Partnership and the Department for Business Energy & Industrial Strategy (BEIS) to support the Business Case Submission to government and the development of the programme.

She is shortly due to take up the role of Trustee/Governor for the St Elizabeth's Centre in Much Hadham Hertfordshire, which provides education, care and support services to vulnerable people.

#### **Sarah Pickup – Independent Member**

Sarah joined the Audit and Risk Assurance Committee as an Independent Member in May 2017.

Sarah is a fully qualified CIPFA accountant. She is currently Deputy Chief Executive with a lead on Finance for the Local Government Association. In both her current and previous roles she has been the lead officer for risk management, corporate governance and audit. She was the section 151 officer in Hertfordshire county council from 2013-2015 and is the current lead on operational finance and finance policy for the LGA.

Sarah previously worked for Hertfordshire County Council as Deputy Chief Executive with responsibility for corporate services as well as being the county's chief finance officer. Prior to this, Sarah was Director of Health & Community Services in Hertfordshire. Sarah was president of the Association of Directors of Adult Social Services (ADASS) in 2012/13, and prior to this fulfilled a number of roles for the association.

In 2014 she was awarded an OBE for services to social care