|  |  |
| --- | --- |
|  |  |



# Audit and Risk Assurance Committee

# Terms of Reference

## Reviewed by the Board on 24 March 2023

# 

1. **Constitution**
   1. The Board reaffirms its resolution to establish a committee of the Authority to be known as the Audit and Risk Assurance Committee as required by the [Coal Authority’s framework document](http://WISDOM:80/Wisdom/DocumentLauncher.aspx?a=47af403d-d293-11ec-b829-0050569fb2a6).

The Audit and Risk Assurance Committee will be an advisory body with no executive powers. It is authorised by the Board to investigate any activity of the Authority within its duties and to seek information that it requires from any officer or employee of the Authority.

1. **Purpose**

The Audit and Risk Assurance Committee supports the effectiveness governance of the Coal Authority.

This includes the following specific duties:

**Annual Reports and Accounts and External Audit**

* 1. To review and discuss with management and auditors on an ongoing basis the quality and acceptability of accounting policies.
  2. To review and discuss with management and auditors the draft financial statements and annual financial statements before submission to the Board, focusing particularly on:

1. areas involving significant judgement, estimation or uncertainty;
2. the basis for the ‘going-concern’ assumption;
3. compliance with financial reporting standards; and
4. management’s representation letter to the external auditors.
   1. To discuss with the external auditor the nature and scope of each forthcoming audit and to ensure that they have the full co-operation of the officers and employees of the Authority.
   2. To consider all reports on the statements of accounts of the Authority by the external auditor and other relevant reports, the achievement by the Authority of value for money and the response to any audit reports.

**Internal Audit**

* 1. To consider the effectiveness of the internal audit function to ensure that the service provided by the internal auditors meets the standards specified in the ‘Government Internal Audit Manual’.
  2. To review the planned activity, results and effectiveness of internal audit, ensuring that the internal audit function is accountable to the Audit Committee, that it is adequately resourced and has appropriate standing with the organisation.
  3. To approve the annual audit programme.
  4. To consider reports by the internal auditors of the Authority, including value for money reports, and the arrangements for their implementation.

**Risk Management**

* 1. To ensure that the Authority operates effective governance, risk management and control systems, and in particular:

1. To provide assurance to the Board over the Authority’s risk management systems and process and review the policies and overall process for identifying and assessing risk appetite, and identifying risks;
2. To review the corporate risk register and consider the adequacy of proposed risk mitigations;
3. To review the Authority’s assurance framework and consider the adequacy of available assurances;
4. To undertake periodic ‘deep dives’ into key risks to ensure the effectiveness of mitigation action plans;
5. To review the Authority’s annual governance statement and its compliance with the Board’s corporate governance guidance and best practice.

**Other Duties**

* 1. To consider any other matter when requested to do so by the Board;
  2. To review the Authority’s counter-fraud strategy, policy and annual action plans.
  3. To annually review key governance policies including whistle-blowing processes and arrangements for special investigations;
  4. To annually evaluate its own performance against its Terms of Reference and best practice with the intention of conducting business efficiently and meeting the needs of the Board.

1. **Membership**
   1. Members of this committee are agreed by the Board. Membership will be reviewed annually as part of the annual consideration of committee performance and these Terms of Reference by the Board.
   2. The Chair of this committee is a non-executive board member appointed by the Chair of the Board.
   3. Three non-executive directors of the Board will be appointed to this committee (including the appointed committee Chair). Two non-executive directors must attend each meeting in order for it to be quorate.
   4. Members shall not include the Chair of the Authority or any board members who occupy executive positions.
   5. Standing attendees are the Chief Executive in their capacity as Accounting Officer, the Chief Finance and Information Officer, the Head of Finance, and the Head of Business Planning, Risk and Governance Deputies will be arranged by exception as required. Internal and external Auditors shall usually be invited to attend all meetings of the Committee.
   6. The Committee may co-opt additional members for a period not exceeding a year to provide specialist skills, knowledge and experience.
2. **Reporting**
   1. The Chair of the Committee shall give a report to the Board after each meeting of the Committee. A copy of the minutes of the meeting may form the basis of the report.
   2. The Committee will provide the Board and Accounting Officer with an annual report, timed to support finalisation of the accounts and governance statement, summarising its conclusions from the work it has done during the year.
3. **Meetings**
   1. The committee will meet four times per year. Meeting will normally be held virtually. Papers will be sent to members and attendees at least 3 working days before the meeting (with an aspiration of 5 working days wherever possible).
   2. Committee Members, the Accounting Officer, the Board and external and internal auditors may all request additional meetings if they consider it necessary.
   3. An annual programme of meetings and a rolling 18 month forward look will be developed by the executive lead and committee Chair and agreed by the committee at each meeting.
   4. The Committee will meet privately with the internal and/or external auditors at least once a year.
4. **Meetings**
   1. The Secretariat will provide the committee with oversight from the Chief Finance and Information Officer who will work closely with the committee Chair.
   2. The committee can procure independent professional advice if needed, in line with the procurement policies of the Coal Authority.
   3. The committee will review its own performance annually to ensure that it is operating at maximum effectiveness and recommends any changes it considers necessary to the board.
5. **Terms of Reference**
   1. The Board will review the Committee’s Terms of Reference annually.

**Audit and Risk Assurance Committee Terms of Reference**

Approved by the Board 23 July 2020

Reviewed by ARAC February 11 2021 – no changes

Reviewed by the Board 17 March 2022 – no changes

Reviewed by the Board 24 March 2023