

PPS Audit and Risk Committee Terms of Reference

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1. Introduction

The Audit and Risk Committee (ARC) has been established by the Director of Public Prosecutions for Northern Ireland in his role as the Accounting Officer for the Public Prosecution Service. The ARC is appointed to support the Director in his responsibility for issues of risk, control and governance and associated assurance, and reports to him through the Management Board.

The ARC operates through a process of constructive challenge and acts in an advisory capacity with no executive powers. These terms of reference set out the role and authority delegated to the committee.

2. Overall purpose

The purpose of the ARC is to offer the Director objective advice on issues concerning the Service's corporate governance and risk control systems by reviewing the comprehensiveness of assurances, and the reliability and integrity of these assurances.

The ARC functions in accordance with best practice contained in the Audit and Risk Assurance Committee Handbook (NI) (2014) and Corporate Governance in Central Government Departments: Code of Good Practice NI (2013).

3. Membership

The members of the Committee are:

Chair:	Non-executive member of the PPS Management Board
Members:	Non-executive member of the PPS Management Board Independent non-executive member

A minimum of two members will be present for the meeting to be deemed quorate.

The ARC requires a range of skills and competencies, either corporately or on an individual basis, in order to be effective in its functions. These are set out at Annex A.

Those appointed to the ARC will be provided with suitable induction training to allow them to contribute effectively to the achievement of agreed objectives. The Chair of the Committee will discuss training needs with all newly appointed members of the Committee.

4. Attendees

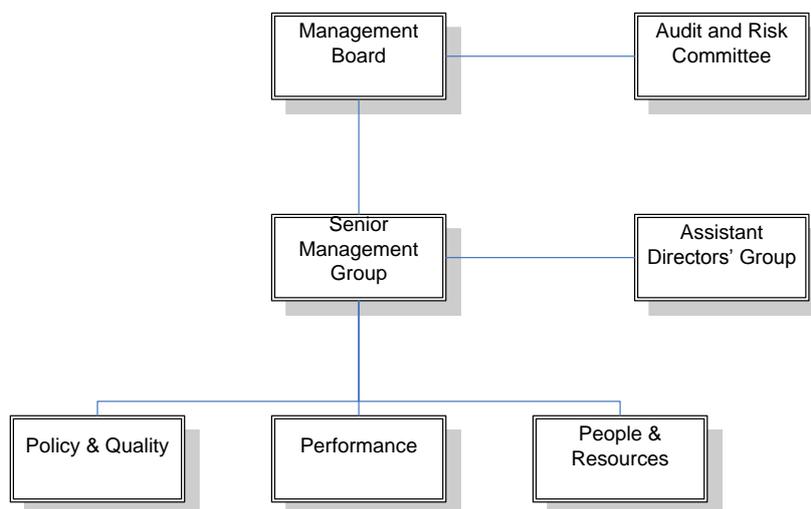
Meetings will normally be attended by the Senior Assistant Director for Resources and Change, as well as representatives from the Northern Ireland Audit Office (NIAO) and Internal Audit.

The ARC may invite the Director of the PPS to attend meetings in his capacity as the Accounting Officer. The committee may also ask any other PPS official to attend to assist it with its discussions on any particular matter.

The Chair of the ARC 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.

5. Relationships

The relationship between the ARC, the Management Board and other Board Committees is set out below



6. Meetings

The ARC will meet at least four times each year. The Chair may convene additional meetings as he/she deems necessary.

The Director or the Management Board may ask the Committee to convene further meetings to discuss particular issues on which the ARC's advice is required.

The NIAO may also request a meeting with the ARC or its Chair if they consider it is appropriate.

7. Responsibilities

The ARC will advise the Director and the Management Board across a number of areas. The specific responsibilities will include:

Governance, Risk and Internal Control

- Examining the effectiveness of corporate governance and risk management arrangements in providing relevant assurance in support of the annual Governance Statement.
- Providing advice re any requirement for the review of governance arrangements in line with current best practice.
- Reviewing the processes by which any major revisions to the Corporate Risk Register are made.
- Providing assurance that any major risk or control issues highlighted in the Quarterly Assurance Statements have been adequately dealt with.
- Considering the completeness and appropriateness of disclosures made in the Governance Statement.

Internal Audit Activity

- Agreeing internal audit strategy and plans and ensuring that internal audit is adequately resourced to carry out agreed audit objectives.
- Reviewing reports from the Head of Internal Audit on audit reports completed and the adequacy of management's response to them, including any investigations into control weaknesses, fraud or misconduct.
- Reviewing proposals for tendering for audit services or for purchase of non-audit services from contractors who provide audit services.

External Audit Activity

- Reviewing the major issues arising from any NIAO audit and from any value for money studies.
- Discussing and noting with NIAO their plans for the audit of the Annual Accounts and Value for Money audits.
- Reviewing the adequacy of management's response to issues identified by NIAO, including the NIAO's Report to those Charged with Governance and relevant recommendations.

Resource Accounts and Accounting Policies

- Reviewing the accounting policies, the accounts and the Annual Report for the Service, 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 NIAO.
- Recommending the Annual Accounts to the Board.
- Considering the implications of any new guidance issued on accounting and/or accountability issues (e.g. DAO letters).

Other Responsibilities

- Reviewing the adequacy of anti-fraud policies and whistle-blowing processes and arrangements for special investigations.
- Reviewing responses to financial loss through fraud or whistle-blowing allegations.
- Considering other topics as defined by the Director, or Management Board, including the extent to which the Service complies with relevant statutory or regulatory requirements, such as information assurance (in particular actions in response to the Government's Security Policy Framework), health and safety etc.
- Promoting understanding of the role of the ARC within the Service.

8. Rights

The ARC may:

- **Co-opt additional members for a period not exceeding a year to provide specialist skills, knowledge and experience.**
- **Procure specialist ad hoc advice at the expense of the Public Prosecution Service, subject to the necessary funding being made available after discussion with the Director.**

9. Access

The Head of Internal Audit and the representative of External Audit will have free and confidential access to the Chair of the ARC. It is expected, however, that exercise of this right would be on an exceptional basis.

The Chair of the ARC will have direct access to the Accounting Officer.

The ARC members will have a confidential meeting with the Head of Internal Audit and a representative of External Audit at least once a year.

10. Information Requirements

For each meeting, the ARC will be provided with the following:

- A report summarising any significant changes to the organisation’s strategic risks and a copy of the Corporate Risk Register.
- Management assurance reports.
- A report summarising progress on the implementation of audit recommendations to cover both internal and external reports.
- A progress report from the Head of Internal Audit summarising, for example:¹
 - Work performed (and a comparison with work planned);
 - Key emerging issues;
 - Management responses to audit recommendations;
 - Follow-up plans and results;
 - Changes to the agreed internal audit plan;
 - Any resourcing issues affecting or likely to affect the delivery of the objectives of internal audit; and
- Reports on the management of major incidents, “near misses” and lessons learned.

As and when appropriate, the ARC will also be provided with:

- Formal reports from other assurance providers, for example in the areas of information assurance, health and safety etc.;
- Quarterly Information Assurance Summary;
- 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 annual report and accounts for the Service, including 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 internal audit functions;
- A progress report (written/verbal) from the NIAO, summarising work done and emerging findings - this may include, where relevant to the organisation, aspects of the wider work carried out by the NIAO (for example, Value for Money Reports and good practice findings);
- A report on co-operation between internal and external audit;
- NIAO’s Report to those Charged with Governance; and
- The organisation’s Risk Management Strategy.

11. Reporting

The ARC will:

- Formally report in writing to the Management Board and Director after each meeting.
- Provide the Director and the Management Board with an annual report, summarising its conclusions from the work it has done during the year. This should be timed to support

¹ Unless there are significant issues to be addressed this will not routinely include full copies of audit reports. However all such reports must be made available to the ARC members on request.

finalisation of the accounts, the Governance Statement and the Annual Report for the Service.

- Review its own effectiveness on an annual basis and report the results of that review to the Director and the Management Board.

12. Secretariat

The ARC will be provided with a secretariat support service by the Central Management Unit.

All matters for inclusion on the agenda should be received by the secretariat at least 10 days in advance of the meeting. All papers for consideration by the committee should be available to members at least 5 working days in advance of the meeting.

Minutes should be circulated to members for comment within 10 working days of the meeting. All comments from members should be returned within 1 week of date of issue.

13. Review

These Terms of Reference will be reviewed annually.

Annex A:

ARC Competency Framework

All members of the Committee should have, or acquire as soon as possible following appointment:

- Knowledge of the Service's strategic priorities and objectives and a broad awareness of current strategic issues and risks affecting the organisation.
- Knowledge of the Service's structure.
- Understanding of the Service's culture.
- Understanding of the current governance arrangements in place within the Service and relevant external accountability arrangements.
- Understanding of any relevant legislation or other statutory / regulatory requirements governing the Service.
- Broad understanding of the Government's wider agenda and policy (e.g. current major initiatives).

The members should *corporately* possess:

- Knowledge / skills / experience in the following areas:
 - Government accounting / audit (internal / audit)
 - Risk management
 - Best practice in corporate governance and the identification of areas of non-compliance.
- Experience in a senior management position in another organisation of a similar size to the PPS.
- Understanding of the wider professional environment in which the organisation operates.
- Detailed understanding of the government environment and accountability structures.