

LMC

Livestock & Meat Commission

Audit and Risk Assurance Committee

Terms of Reference



OWNER:	Audit and Risk Assurance Committee
AUTHOR	Gillian Davis
DATE DRAFTED:	11 January 2021
DATE APPROVED	24 March 2021
INFORMATION CLASSIFICATION:	Level 1 – Internal
VERSION:	7.0
STATUS:	Draft /Approved
	<i>(Delete one of the options)</i>

Revision History

Date	Version	Author	Comments
22 Mar 2018	5.1	Fiona Brogan-Quin	Document reviewed in line with guidance from NAO March 2016
24 Apr 2018	5.2	Fiona Brogan-Quin	Document reviewed in line with DAO DoF 03/18
23 May 2018	6.0	Fiona Brogan-Quin	Approved by ARAC
04 January 2021	6.1	Gillian Davis	Document reviewed following appointment of new Chair of ARAC
11 January 2021	6.2	Gillian Davis	Addition of functions and inclusion of responsibility of approval of internal LMC business cases for expenditure of £30,001 up to £200,000 on goods and non-construction services.
24 March 2021	7.0	Gillian Davis	Approved by ARAC

Review/Approval Register

Name	Position/Role	Review/Approval
Suzanne Blain	Accountant	Reviewer
ARAC	ARAC members	Approver

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1 Introduction

The Treasury guidance “Corporate governance in central government departments: Code of good practice 2017” provides that Audit and Risk Assurance Committees should be established in all executive Non-Departmental Public Bodies. This Terms of Reference document (TOR) follows the model provided by the HM Treasury, National Audit Office (NAO) and the Department of Finance (DoF).

This document should be read in conjunction with the DAO (DoF) 03/18 Audit and Risk Assurance Committee Handbook (NI), April 2018.

The Audit and Risk Assurance Committee is a Committee of the LMC Board. It supports the Board 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 Functions

The Audit and Risk Assurance Committee is an advisory body with no executive powers. Its main functions should be:

- To help promote the highest standards of propriety in the use of public funds and encourage proper accountability for the use of those funds;
- To improve the quality of financial reporting by reviewing internal and external financial statements on behalf of the Board;
- To promote a climate of financial discipline and control which will help to reduce the opportunity for financial mismanagement; and
- To promote the development of internal controls systems which will help satisfy the Board that LMC will achieve its objectives and targets and is operating:
 - in accordance with any statutory requirements for the use of public funds;
 - within delegated authorities laid down by the sponsor department and the public body's own rules on what matters should be referred to the Board;
 - in a manner which will make most economic and effective use of resources available.

3 Membership

The members of the Audit and Risk Committee are:

- Mr. Joseph Stewart: Chair from February 2021 and non-executive Board member appointed by the Minister of Agriculture, Environment and Rural Affairs in December 2020 for the duration of his membership of the Board;
- Ms. Oonagh Chesney: non-executive Board member appointed by the Board in September 2015 for the duration of her membership of the Board;
- Mr. Harry Sinclair: non-executive Board member appointed by the Board in September 2015 for the duration of his membership of the Board; and
- Mr. Jim Lennon: non-executive Board member appointed by the Board in September 2015 for the duration of his membership of the Board.

The Audit and Risk Assurance Committee will be provided with a secretariat function by LMC's accountant, Suzanne Blain.

4 Reporting

- The Audit and Risk Assurance Committee will formally report to the Board and Accounting Officer after each meeting.
- The Audit and Risk Assurance Committee will provide the Board and Accounting Officer with an Annual statement, timed to support finalisation of the accounts and the Governance Statement, summarising its conclusions from the work it has conducted during the year.

5 Responsibilities

The Audit and Risk Assurance Committee will advise 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 LMC, including the process for preparation of the accounts 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;
- 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 LMC;

- Anti-fraud policies, whistle-blowing processes, and arrangements for special investigations;
- The approval of internal LMC business cases for expenditure of £30,001 up to £200,000 on goods and non-construction services; and
- The Audit and Risk Assurance Committee will also periodically review its own effectiveness and report the results of that review to the Board.

6 Rights

The Audit and Risk Assurance Committee may, subject to Board agreement:

- Co-opt additional members for a period not exceeding a year to provide specialist skills, knowledge and experience;
- Procure specialist ad-hoc advice at LMC expense.

7 Access

Representatives of Internal Audit and External Audit will have free and confidential access to the Chair of the Audit and Risk Assurance Committee.

8 Meetings

- The Audit and Risk Assurance Committee will meet between three to four times a year. The Chair of the Audit and Risk Assurance Committee may convene additional meetings, as they deem necessary;
- A minimum of two non-executive Board¹ members of the Audit and Risk Assurance Committee will be present for the meeting to be deemed quorate;
- Audit and Risk Assurance Committee meetings will normally be attended by the Accounting Officer, the Accountant, and a representative of Internal Audit and External Audit;
- The Audit and Risk Assurance Committee will also invite a member of LMC's sponsoring body, DAERA ALB Corporate Sponsor Branch, to attend all Audit and Risk Assurance Committee meetings;
- The Audit and Risk Assurance Committee may ask any other LMC officials to attend to assist it with its discussions on any particular matter;

¹ "Non-executive Board members" added to ensure at least two LMC Board members are always present.

- The Audit and Risk Assurance 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; and
- The Board or the Accounting Officer may ask the Audit and Risk Assurance Committee to convene further meetings to discuss particular issues on which they want the Committee's advice.

9 Information Requirements

For each meeting the Audit and Risk Assurance Committee will be provided with:

- A report summarising any significant changes to LMC's Risk Register;
- A progress report from Internal Audit summarising:
 - work performed (and a comparison with work planned);
 - key issues emerging from Internal Audit work;
 - management response to audit recommendations;
 - changes to the Internal Audit 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;
- Any 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 Strategy;
- Internal Audit's Annual Opinion and Report;
- Internal Audit's Service Level Agreement;
- Quality Assurance reports on the Internal Audit function (as appropriate);
- LMC draft accounts;
- The draft Governance Statement;
- A report on any changes to accounting policies;
- The External Audit Strategy;
- 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

- LMC Risk Management Strategy.

The above list suggests minimum requirements for the inputs which should be provided to the Audit and Risk Assurance Committee. In some cases more may be provided.