

LMC

Livestock & Meat Commission

Audit and Risk Committee Terms of Reference



OWNER:	Audit and Risk Assurance Committee
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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 2011” 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 National Audit Office (NAO) and the Department of Finance (DoF).

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 Membership

The members of the Audit and Risk Committee are:

- Mr. Patrick McElroy: Chair from February 2014 and non-executive Board member appointed by the Board in February 2014 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.
- 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.

3 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.

4 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; and
- the Audit and Risk Assurance Committee will also periodically review its own effectiveness and report the results of that review to the Board.

5 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.

6 Access

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

7 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 2 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's Food Policy 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;
- 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;

¹ "Non-executive Board members" added to ensure at least 2 LMC Board members are always present.

- 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.

8 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.