



TERMS OF REFERENCE - Audit and Risk Committee

1. Introduction

The Board has established an Audit and Risk Committee as a Committee of the Board to support it in its responsibilities for issues of risk, control and governance and associated assurance through a process of constructive challenge.

2. Membership

The Audit and Risk Committee will comprise three non-executive Board Members, one of whom will be appointed as Chair. Appointments to the Audit and Risk Committee will be made by the Chair of Community Justice Scotland.

The Audit and Risk Committee will be provided with a secretariat function by the CJS Business Manager.

3. Reporting

The Audit and Risk Committee will formally report to the Board and Accountable Officer after each meeting. A copy of minutes of the meeting will form the basis of the report along with a verbal update provided by the Chair of the Audit and Risk Committee.

The Audit and Risk Committee will provide the Board and Accountable Officer with an Annual Report, timed to support finalisation of the accounts and the Statement on Internal Control, summarising its conclusions from the work it has done during the year.

4. Responsibilities

The Audit and Risk Committee will advise the Board and Accountable Officer on:

- the strategic processes for risk, control and governance and the Statement on Internal Control;
- the accounting policies, the accounts, and the annual report of Community Justice Scotland, 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/report;
- the effectiveness of the internal control environment;
- assurances relating to the corporate governance requirements for Community Justice Scotland;



- anti-fraud policies, whistle-blowing processes, and arrangements for special investigations.

The Audit and Risk Committee will also periodically review its own effectiveness and report the results of that review to the Board and Accountable Officer.

5. Rights

The Audit and Risk Committee may:

- co-opt additional Members for a period not exceeding a year to provide specialist skills, knowledge and experience; and
- procure specialist ad-hoc advice at the expense of the organisation, subject to budgets agreed by the Board.

6. Access

The Head of Internal Audit and the representative of External Audit will have free and confidential access to the Chair of the Audit and Risk Committee.

7. Meetings

The procedures for meetings are:

- the Audit and Risk Committee will meet formally at three predetermined times a year and will agree additional meetings based on need. The Chair of the Audit and Risk Committee may convene additional meetings, as he deems necessary;
- a minimum of 2 members of the Audit and Risk Committee will be present for the meeting to be deemed quorate;
- Audit and Risk Committee meetings will normally be attended by the Accountable Officer, the Director of Operations, the Head of Internal Audit (or appropriate representative), and a representative of External Audit;
- At least once per year the Audit and Risk Committee will meet privately with the External and Internal Auditors
- the Audit and Risk Committee may ask any other officials of Community Justice Scotland to attend to assist it with its discussions on any particular matter;
- the Audit and Risk 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 Accountable Officer may ask the Audit and Risk 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 Committee will be provided with:

- a report summarising any significant changes to Community Justice Scotland's Risk Register;
- a report summarising any progress in relation to the Best Value Action Plan;
- a progress report from the Head of Internal Audit summarising work done and emerging findings;
- a progress report from the External Audit representative summarising work done and emerging findings.

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

- proposals for the Terms of Reference of Internal Audit
- the proposed Internal Audit Strategy and work plan
- the Head of Internal Audit's Annual Opinion and Report
- Quality assurance reports on the Internal Audit function
- The draft accounts of Community Justice Scotland
- The draft Statement on Internal Control
- A report on any changes to accounting policies
- External Audit's Management letter/report
- A report on co-operation between Internal and External Audit

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

Adopted by the Board: 6 April 2017
Date of last review
Date of next review



Appendix A: Audit and Risk Committee Work Programme

At each meeting:

- Review performance relating to risk management
- Review performance relating to best value
- Consider any Internal Audit reports and management responses

Spring Meeting

- Review Internal Audit strategy and proposed work plan for coming year
- Consider External Audit plans for the coming financial year

Summer Meeting

- Review and consider the accounts for the financial year just finished
- Consider External Audit opinion for the financial year just finished
- Review assurances provided by senior staff
- Consider Internal Audit opinion for the financial year just finished
- Meet privately with the internal and external auditors
- Consider an annual report on fraud and security
- Based on all audit opinions, provide advice to the Accountable Officer on signing the accounts and Statement on Internal Control
- Consider and agree an annual report to the Board and Accountable Officer

Late autumn meeting

- Review progress reports
- Review the performance management arrangements adopted including, where appropriate the timetable for reviewing such arrangements
- Review the Committee's Terms of Reference
- Consider the Committee's effectiveness in discharging its duties