

AUDIT AND RISK ASSURANCE COMMITTEE (ARAC) TERMS OF REFERENCE

1. Introduction

1.1 In line with statutory requirement,¹ the IOPC Unitary Board has established an Audit and Risk Assurance Committee (ARAC) as a committee to support the Unitary Board in its responsibilities for issues of risk, control and governance by reviewing and monitoring assurance and the reliability and integrity of these assurances. Also to perform other functions as appropriate. The committee will carry out its responsibilities in accordance with the IOPC's values, mission, policies and strategies.

2. Responsibilities

2.1 The purpose of the committee is to advise the Unitary Board and the Accounting Officer on:

- the strategic processes for risk, control and governance, and the Governance Statement;
- the entire Annual Report and Accounts and Notes to the Accounts including the accounting policies of the organisation, the process for review of the accounts prior to submission for audit, levels of error identified by the audit, and management's letter of representation to the external auditors;
- proposals for tendering for internal audit services, or for the purchase of non-audit services from contractors who provide audit services;
- planned activity and results of both internal and external audit, including:
 - scrutinising the auditors' plans;
 - reviewing all audit reports presented by the internal and external auditors;
 - reviewing adequacy of management responses to audit recommendations and monitoring their implementation;
- assurances relating to the management of governance requirements for the organisation, including non-financial considerations, such as quality and complaints handling, as well as financial risk considerations;
- the development and delivery of relevant strategies such as:
 - Capital Strategy
 - Estates Strategy
 - Infrastructure Strategy (including information)
 - Digital Strategy
- the risk management policy, counter fraud, bribery and corruption policy and the raising concerns policy as well as arrangement for special investigations;
- assessing the organisation's ICT (including cyber) resilience and providing assurance to the Board that the organisation is properly managing all aspects of ICT risk including appropriate risk mitigation strategies.

Other matters on which its advice has been sought by the Unitary Board or the Accounting Officer.

¹ Schedule 9 para 14, Policing and Crime Act 2017.

2.2 The committee will:

- work and liaise as necessary with all other board committees, taking particular account of the impact of risk management and internal controls being delegated to different committees.
- arrange for the annual review of its own effectiveness and report the results of that review to the Unitary Board.
- review its terms of reference annually to ensure it is operating at maximum effectiveness and recommend any changes to the Unitary Board as necessary.

3. Membership

- 3.1. The committee shall comprise at least three members, at least one of whom shall ideally have recent and relevant financial experience and with competence in accounting and/or auditing.
- 3.2. Members of the committee shall be appointed by the Unitary Board on the nomination of the Board Chair.
- 3.3. Members of the committee shall be provided with appropriate and timely trainings both in the form of an induction programme for new members and on an ongoing basis for all members.
- 3.4. All members of the committee shall be non-executive directors.
- 3.5. Only members of the committee have the right to attend committee meetings. Members of the committee are:

- Catherine Jervis (Committee Chair)
- Bill Matthews (Deputy Chair)
- Christine Elliott (Member)

3.6. The committee may:

- Co-opt additional members for a specified period based on the committee Chair's assessment of the need to provide specialist skills, knowledge and experience. The committee Chair shall make recommendations to the Unitary Board.
- Ask any official of the organisation to attend all or part of any meeting to assist it with its discussions on any particular matter.

The IOPC Risk and Audit Manager, the Head of Internal Audit, and the representative of external audit, will have free and confidential access to the Chair of the ARAC.

4. Meetings and attendance

- 4.1. The Committee shall meet at least four times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required.²
- 4.2. The committee Chair may convene additional meetings as deemed necessary or as requested by the Director General and/or the Unitary Board to discuss particular issues.
- 4.3. Meetings of the committee will usually be held in London, unless the committee determine otherwise. Meetings may also be held virtually.
- 4.4. Committee members may meet on their own or with auditors only (IA and EA), or management only. Such meetings will be held at the discretion of the committee Chair following consultation with other members.
- 4.5. Outside of the formal meeting programme, the committee Chair, and to a lesser extent the other committee members, will maintain a dialogue with key individuals, involved in the organisation's governance.

² FRC Guidance on audit committees paragraph 18.

4.6. Only members of the committee are entitled to attend committee meetings.³ Other meeting attendees are:

- Director General (Accounting Officer)
- Deputy Director General (Strategy and Corporate Services) (Lead)
- Head of Finance
- Risk and Audit Manager
- Governance Secretary
- Representative of Internal Audit (GIAA)
- Representative of External Audit (NAO/BDO)

4.7 The committee may request the attendance of other IOPC officials as necessary to assist with its discussions on any particular matter. "Attendance" includes virtual participation.

4.8 The Chair may ask any or all of those who normally attend, but who are not members of the committee to withdraw to facilitate open and frank discussions of particular matters should this be deemed appropriate.

5. Notice of Committee Meetings

5.1. Unless otherwise agreed by the committee, notice of each meeting confirming the venue, time and date together with a meeting agenda and papers shall be forwarded to committee members no later than five working days before the date of the meeting. All documents shall be sent to committee members in electronic copies, unless agreed otherwise.

6. Agenda and Minutes of meetings

6.1 The agenda for the meeting of the committee shall be agreed by the committee Chair in consultation with the Lead Director.

6.2 The Governance Secretary shall minute the proceedings and decisions of all meetings of the committee, including recording the names of those present and in attendance.

6.3 Draft minutes of the meeting shall be prepared within five working days. It shall be subject to comment by the Lead Director and approval of the committee Chair before circulation to all members of the committee/Unitary Board, unless it would be inappropriate to do so in the opinion of the Chair.

6.4 Minutes of the committee meeting will be approved (and signed by the committee Chair) at the next committee meeting.

7. Quorum

7.1 The quorum necessary for the transaction of business shall be two committee members.

7.2 In the event that there is no quorum within 15 minutes of the scheduled start time, the meeting may be adjourned.

8. Reporting responsibilities

8.1. The committee Chair shall report formally in writing to the Unitary Board and the Director General (as Accounting Officer) on its proceedings after each meeting on all matters within its duties and responsibilities.

³ ICSA Model ToR for audit committee – para 1.3.

- 8.2. The committee shall provide the Unitary Board and the Accounting Officer with an Annual Report, timed to support finalisation of the IOPC accounts and the Governance Statement, summarising its conclusions from the work it has done during the year.
- 8.3. The committee shall make whatever recommendatuons to the Unitary Board it deems appropriate on any area within its remit where action or improvement is needed.

This ToR should be read in conjunction with the IOPC Standing Orders which includes the scheme of delegation.
