

**Audit and Risk Assurance Committee  
(ARAC)**

**Terms of Reference**

**September 2018**

## Introduction

The Audit and Risk Assurance Committee (ARAC) is an established Committee of the Board. It is an advisory and scrutiny body with no executive powers and supports the Board in its responsibilities for monitoring risk and governance. The Committee is responsible for providing assurance on Risk Management, Governance and Control within the organisation.

### 1.0 The Role of the Committee

- a. Maintain a high profile within the organisation, engage with Officials and be proactive in encouraging open discussion of any key issues which might be impacting the organisation's internal control systems;
- b. Investigate any activity within its Terms of Reference and seek any information it requires from staff, who are requested to co-operate with the Committee in the conduct of its enquires
- c. The Committee is authorised (by the Board) to:
  - Co-opt additional members for a period not exceeding one year;
  - Procure specialist ad-hoc advice at the expense of the organisation, subject to budgets agreed by the Board.
- d. Review and recommend to the Board the accounting policies, the accounts, the annual report, management's letter of representation to NIAO etc;
- e. Review the strategic processes for risk, control and governance;
- f. Review Annual Governance Statement;
- g. Review the planned activity of the Audit and Assurance Department;
- h. Review the proposed Audit and Assurance Strategy and Plans;
- i. Review anti-fraud policies, whistle-blowing procedures and arrangements for special investigations;
- j. Review proposals for tendering for either internal or external audit services or for the purchase of non-audit services from Contractors who provide audit services;
- k. Review Corporate Social Responsibility issues as required;
- l. Review the efficiency and effectiveness of the Audit and Assurance Function;
- m. Review a quarterly update paper from the Data Protection Officer outlining details of GDPR /Data Protection breaches.
- n. Any other duty/tasks as assigned by the Board.

### 2.0 The role of the Committee Chair

- a. Provide effective leadership to the Committee, this includes how the Committee operates, builds relationships and engages with stakeholders;
- b. Meet with the Board Chairman, the Chief Executive, NIAO and the Head of Audit and Assurance as required;
- c. Meet with NIAO as required;
- d. Meet with the Head of Audit and Assurance and the Chief Executive as required;
- e. Meet with the Chair of DfC Audit & Risk Assurance Committee as required;
- f. Attend DfC Audit Chairs Forum as required;
- g. Ensure that new committee members are briefed on appointment;
- h. Ensure that that induction and training needs are considered and met;
- i. Ensure that Independent Members' performance is formally assessed on an annual basis;

- j. Engage with DfC at Committee meetings to discuss any areas of concern from their perspective.

### 3.0 Membership

- a. The Board Chair is not eligible to serve on the Committee;
- b. The Committee Chair role is automatically held by the Board Vice-Chair;
- c. Board Members on the Committee shall be appointed by the Board on the recommendation of the Board Chair.
- d. The Committee will be comprised of three Board Members and up to two Independent Members and at least one Member should have recent and relevant financial experience;
- e. Independent appointments shall normally be for a period of **five** years and may be renewed for a further period of **five** years. The Board may terminate any such appointment at any time.
- f. The Board reserves the right to rotate Committee Membership at any time.

Present Members	Date Appointed
Mr Greg Lomax (Interim Chair)	07 March 2017
Mr Jim McCall (Board Member)	07 March 2017
Mr Derek Wilson (Board Member)	16 June 2015
Mr J.P. Irvine (independent Member)	01 February 2014 – 31 January 2017 01 February 2017 – 31 January 2020
Ms Sharon Hetherington (Independent Member)	01 December 2017 – 30 November 2022

### 4.0 Quorum

The quorum of the Committee shall be three Members:

- **Chair (and/or nominated Chair) and 2 other Members.**

In the event of a vacancy the quorum of the Committee shall be two Members:

- **Chair (and/or nominated Chair) and 1 other Member.**

### 5.0 Declaration of Interests

- a. Members are reminded of their legal obligations in relation to the disclosure of pecuniary interests as imposed by sections 28, 29 and 146 of the Local Government (NI) Act 1972, as applied to the Board by Schedule 1 of the Housing Order 1981;
- b. A Declaration of Interests Register will be kept and Members will be required to declare any interests in accordance with the Code of Practice for Board Members;
- c. Members must update the declaration of interests register at least annually, or as changes occur.

### 6.0 Meetings

- a. The Committee shall meet at least four times per year;
- b. The Chair of the Committee may convene additional meetings as deemed necessary;
- c. Notice of Meetings will be given in accordance with Standing Orders and Board Scheme of Delegations;

- d. Officials attending may Include:
  - i. Chief Executive;
  - ii. Directors;
  - iii. Head of Audit and Assurance;
  - iv. NIAO;
  - v. DfC Observer;
  - vi. Any other Officer as required.
- e. The Committee may sit in private session prior to the Committee meeting without any non-members present;
- f. Any Board Member can attend a Meeting of the Committee in the capacity of observer or to assist with discussions on any particular matter.

## **7.0 Conduct**

All Committee Members are expected to conduct themselves in accordance with the Seven Nolan Principles of Public Life and the same expectations for conduct as set out in the current Code of Practice for Housing Executive Board Members.

## **8.0 Reporting Responsibilities**

The Committee Chair will present the draft Minutes to the next available Board Meeting. Minutes will be subject to ratification by the Committee at their next quarterly meeting.

## **9.0 Head of Audit and Assurance and Secretariat Roles**

### **Head of Audit and Assurance**

- a. Keeping abreast of best practice and where appropriate, bring this to the Committee's attention;
- b. Ensure regular and confidential access to the Committee Chair;
- c. Ensure papers are concise and highlight key issues.

### **Secretariat**

- a. Ensure Committee Members have electronic access to their papers at least one week in advance of meetings;
- b. Ensure Minutes of meetings adequately reflect salient points and capture all necessary actions;
- c. Develop an Induction Plan for new Committee Members;
- d. Facilitate the annual performance appraisal process for Independent Members;
- e. Facilitate the Committee's self-effectiveness review in line with Best Practice;
- f. Facilitate reviews of the Terms of Reference as required and publish accordingly;
- g. Ensure appropriate training arrangements are progressed as required;
- h. Facilitate the periodic review of the Code of Practice for the Housing Executive Board Members.