

The Scottish Human Rights Commission Audit and Risk Committee

5 December 2022

Audit and Risk Committee Terms of Reference

Background and Recommendation

1. The Scottish Human Rights Commission has one sub-committee: The Finance, Risk and Audit Committee (FRAC). FRAC was designed to offer constructive challenge and detailed scrutiny of the Commission's arrangements for managing risk, embedding effective internal controls and establishing effective governance and assurance frameworks. FRAC meets at least twice per annum with two Commission members (one of whom acts as Chair) and the Head of Corporate Services (former post). The Chair of the Commission (as the Principal Accountable Officer) does not sit as a member of FRAC and there is no provision for independent members.
2. The Commission has further established an Advisory Audit Board (AAB) with the Chair, the Head of Corporate Services and two independent members. The purpose of the AAB is to provide expert advice in relation to the Commission's Annual Report and Accounts and its associated Audit report only.
3. In 2021 as part of a wider external review of its governance it was recommended that "the Commission consider how assurance on matters of finance and risk might best be achieved and how duplication of work between FRAC and AAB might be avoided".
4. The Commission has therefore approved that FRAC and AAB be combined to create a single Audit and Risk Committee to operate under the Terms of Reference set out below.

Audit and Risk Committee Terms of Reference

ARC Purpose

The Scottish Human Rights Commission (SHRC) has established an Audit and Risk Committee (ARC) to support it in its responsibilities for matters of finance, audit, risk, internal control and governance by considering the comprehensiveness of assurances in meeting the Commission and the Accountable Officer's assurance needs and reviewing the reliability and integrity of these assurances.

Membership

The ARC shall consist of two members of the SHRC plus two independent members. The meetings will be chaired by one of the independent members. The composition of the Board will be reviewed as required.

Meetings

The ARC will typically meet four times per annum. The Chair of ARC may convene additional meetings as they deem necessary.

A minimum of two members, one of whom must be an independent member, will be present for a meeting to be deemed quorate. All meetings will be chaired by an independent member.

ARC meetings will normally be attended by the Chair (as Accountable Officer), the Executive Director and the Head of Business Support/Commission Secretariat.

The ARC is authorised to seek any information it requires from other staff of the Commission either in writing or by attending a formal meeting.

The external auditor and internal auditor should have access to the ARC and should attend meetings when required. Both external and internal auditors should also have access to the Audit and Risk Committee without the presence of the SHRC staff.

Responsibilities

- 1. The ARC will review and advise the Accountable Officer and, where appropriate, the Commission on:
 - i. the adequacy of the arrangements for ensuring robust governance and internal control, including those for the assessment and management of risk;*
 - ii. the planned activity of internal audit and the results of its work;*
 - iii. the planned activity of the external auditor and the results of its work;*
 - iv. the major findings of audit reports, insofar as they affect the overall performance of the Commission;*
 - v. the adequacy of management responses to issues identified by audit activity and the arrangements for monitoring the implementation of agreed recommendations;*
 - vi. the performance of internal and external auditors;*
 - vii. proposals for tendering for audit services or for purchase of non-audit services from contractors who provide audit services; and*
 - viii. other sources of assurance relating to the overall governance requirements of the Commission, including reports on financial management and related issues.**
- 2. In particular, the ARC shall review the system of internal control and provide the Accountable Officer with advice on whether the necessary assurances required for the signing of the Governance Statement contained within the annual accounts have been provided.*
- 3. Consistent with the SHRC's policies in respect of fraud prevention and whistleblowing, the Chair of the ARC is appointed as 'Investigating Officer'. With the support of the ARC, the ARC Chair will oversee the response to each suspected fraud or whistleblowing report in line with policy, ensuring that a prompt and robust investigation is undertaken that identified appropriate actions and lessons learned.*
- 4. The ARC will report to the Commission annually for the purposes of the Annual Report and Accounts, summarising the work it has done, and conclusions drawn from that work, particularly with regard to the effectiveness of governance and risk management, scope and levels of assurance and any issues to be considered by the Commission.*
- 5. The ARC will report to the Commission at such other times as it considers necessary.*
- 6. As well as financial and value for money audits, the ARC may consider other related topics as appropriate.*

7. *The ARC will periodically review its own effectiveness and report the results of that review to the Commission.*

ARC Minutes

Draft minutes will be circulated by the secretariat within seven working days of the ARC meeting. They will be agreed at either the next ARC meeting, an operational meeting, or by email as required. The method of sign-off shall be agreed at the end of each meeting.

Minutes will be drafted in such a way as to minimise inclusion of personal data.

The secretariat will arrange publication of the signed minutes on the Commission's website, appropriately redacted to protect personal data or in line with exemptions that would apply to the information under freedom information legislation. Where information is redacted, the reference to relevant sections of legislation should be included.

Decision

5. The Commission has approved the creation of a single Audit and Risk Committee by bringing together the work and respective responsibilities of FRAC and the AAB which will both cease to operate going forward.

6. The Audit and Risk Committee is invited to discuss and agree the appointment of the Chair and to approve the ARC's recommended Terms of Reference.

Andy Munro
Interim Chief Operating Officer
9 December 2022