

Audit and Risk Assurance Committee (ARAC)
Terms of Reference

Updated 18 November 2019

Purpose

1. The Audit and Risk Committee (“the Committee”) is a Committee of the Board of the Office for Legal Complaints (OLC). The overall purpose of the Committee is to support the OLC and the Accounting Officer (AO) by independently reviewing the comprehensiveness and reliability of assurances about governance, risk management, the control environment and the integrity of the financial statements.

Objectives

2. The objectives of the Committee are to provide independent assurance to the Board and Executive on matters contained in the suite of objectives listed below.
 - a. The risk management framework and underlying systems and their suitability to the strategic objectives of the OLC.
 - b. Governance arrangements and their effectiveness.
 - c. Independent assurance of the compliance by the OLC with all regulatory obligations and appropriate accounting standards.

Specific Duties

3. The Committee shall be responsible for:
 - a. Provision of assurance and advice to AO regarding the effectiveness of the control environment and appropriate mitigation if needed;
 - b. Seeking assurance with regard to the appointment of external auditors in a fair and transparent fashion;
 - c. Provision of advice to the AO on the scope of work undertaken by External Audit and Internal Audit;
 - d. Review of periodic risk assurance reports from the Executive and provision of advice to same where weaknesses are observed;
 - e. Advise the OLC Board on the annual financial statements in terms of assurance gained regarding compliance with good practice, accounting standards and compliance with accounting policies adopted by the OLC;
 - f. Advise the OLC Board on assurance gained from the arrangements used to prevent fraud and corruption;
 - g. To advise Board where matters are believed to be ultra vires to enable Board to seek further external advice if Board considers this to be necessary;

- h. Bring any matter to the attention of the Chair of OLC as required;
- i. Undertake a periodic review of the work of ARAC; and
- j. ARAC to undertake primary stakeholder in respect of the Whistleblowing Policy and the Chair to be a key contact as described in that policy.

Membership, quorum, independence and understanding

4. Members of the Committee will act with independence and objectivity in the conduct of their responsibilities. In addition, members should have a sound understanding of the objectives and priorities of the OLC and of their role as a Committee member.
5. Committee members shall be appointed by and from the OLC and the period of appointment to the Committee shall be commensurate with the agreed term of appointment to the OLC. The Chair of the OLC may not be a member of the Committee but may attend as an observer. One member of the Committee, who will be a lay member of the OLC Board, shall be appointed as Chair. The majority of the members must be lay persons.
6. The quorum of the Committee shall be at least three members.
7. The Board Secretary and Director of Corporate Services should ensure that members receive periodic updates on developments in public sector accounting, audit guidance or related practice and provide training to Committee members where needed.

Other Attendees

8. Also in attendance shall be:
 - a. The Accounting Officer;
 - b. Director of Corporate Services;
 - c. The Head of Finance;
 - d. The Board Secretary;
 - e. Chief Executive, Legal Services Board (as available)
 - f. Representative from Internal Audit; and
 - g. Representative from External Audit.
9. Representatives from Ministry of Justice may attend as requested.

Conflicts of Interest

10. A Committee member or attendee who becomes aware of a potential conflict of interest relating to matters being discussed by the Committee should give prior notification to the Chair or, if this is not possible, declare this at the meeting and, where necessary, withdraw during discussion of the relevant agenda item.

Access to the Audit Committee

11. Representatives from internal and external auditors will have free and confidential access to the AO and Chair of ARAC if required.

Reporting

12. For each meeting the Audit and Risk Assurance Committee will be provided with:
 - a. A report containing an update of risks falling within the OLC's Risk Assurance Framework;
 - b. An update from the Internal Audit Manager;
 - c. A report from the External Audit Manager; and
 - d. A report on data handling incidents;
13. From time to time, the Committee shall receive the following:
 - a. A report on any proposals to tender for audit functions;
 - b. A report on cooperation between internal and external audit; and
 - c. The draft statement of accounts.
14. This list is not exclusive and submission of reports will be agreed periodically between the Chair and the Director of Corporate Services on behalf of the AO.

Annual Review of remit and performance

15. As part of the annual appraisal and goal setting processes the Chair of the Audit and Risk Committee shall provide feedback to the OLC Chair regarding the performance of Committee members, and the OLC Chair will consult other members of the Committee to gain feedback on the Chair's performance. The Committee will assess its effectiveness, and will also review these Terms of Reference, annually. It will submit recommendations for any proposed changes to the OLC for approval. The Committee's duties and activities shall be disclosed in the OLC's Annual Report and Accounts.