

# UK STATISTICS AUTHORITY

## Audit and Risk Assurance Committee

### *Terms of Reference (July 2018)*

#### **1. Introduction**

- 1.1 On 1 April 2008 the UK Statistics Authority formally assumed its powers under the Statistics and Registration Act 2007. The Authority was given the statutory objective of 'promoting and safeguarding the production and publication of official statistics that serve the public good'. At its meeting on 21 February 2008 [SA(08)06] the Authority agreed to constitute an Audit Committee. At its meeting on 6 June 2013 the Authority Board agreed that the Committee would be renamed the Audit and Risk Assurance Committee.
- 1.2 These terms of reference are in line with the model provided by HM Treasury in the Audit and Risk Assurance Committee Handbook (April 2013).

#### **2. Purpose, role and responsibilities**

- 2.1 The purpose of the Audit and Risk Assurance Committee is to support the Authority Board and the Authority's Accounting Officer in their responsibilities for risk management, control and governance. It does this by reviewing the comprehensiveness, reliability and integrity of assurances in meeting the Authority and Accounting Officers' assurance needs. The Committee acts in a scrutiny and advisory capacity and it has no executive authority.
- 2.1 The general focus and scope of the work of the Committee will be determined by the Authority's aims and strategic priorities as set out in its statement of strategy, and also the aims and objectives in the ONS business plan. The Committee will concentrate its assurance role on the extent of the risks to which the realisation of those aims and objectives is exposed.
- 2.2 More specifically the Committee will:
- i. consider and approve the strategies and plans for internal and external audit;
  - ii. ensure that there are levels of assurance in place which are aligned to the delivery of the Authority's strategic aims and priorities;
  - iii. satisfy itself that major risks are identified and that mitigation strategies are in place; and
  - iv. ensure that the internal audit needs of the Authority are being met and that provision meets the requirements of Public Sector Internal Audit Standards (PSIAS).
- 2.3 The Committee will advise the Authority Board and the Accounting Officers on:
- i. the strategic processes for risk (including the early identification and reporting of emerging risks and vulnerabilities) , control and governance;
  - ii. the content of the Governance Statement;
  - iii. whether there is sufficient resilience within the organisation and whether there are adequate mitigation strategies in place to manage the risks to the delivery of the Authority's strategic priorities and to protect the Authority's reputation;

- iv. the accounting policies, the Authority's Annual Report and Accounts (including the process for review of the Accounts prior to submission for audit), levels of error identified, and the Accounting Officer's letter of representation to the Comptroller and Auditor General;
- v. the adequacy of financial management and budgetary control, particularly in relation to compliance with HM Treasury's control totals regime;
- vi. value for money issues;
- vii. the results of both internal and external audit;
- viii. the adequacy of management responses to issues identified by audit activity, including the report of the National Audit Office (NAO) to those charged with governance and other NAO reports;
- ix. assurances relating to the corporate governance requirements for the organisation;
- x. proposals for the provision of internal audit services;
- xi. anti-fraud and anti-corruption policies, whistle-blowing processes and arrangements for special investigations;
- xii. information assurance matters; and
- xiii. its own effectiveness (see 8.1 below).

### **3. Chair and membership**

- 3.1 The Chair of the Committee will be a non-executive member of the Authority Board appointed by the Authority Chair in consultation with the Accounting Officer.
- 3.2 The other members of the Committee - not less than two and not more than four - will include at least one other non-executive member of the Authority Board appointed by the Authority Chair. Up to two external members may be appointed to the Committee by the Authority Chair. In considering who to appoint as members of the Committee the Authority Chair will consult with the Committee Chair and the Accounting Officer.
- 3.3 External members of the Committee will receive a formal letter of appointment from the Authority Chair which will specify the terms and conditions of appointment.

### **4. Meetings and attendance**

- 4.1 The Committee will meet at least five times a year to consider general business matters, and on a sixth occasion usually in June of each year to consider the post-audit draft of the Annual Report and Accounts.
- 4.2 The Committee Chair may convene additional meetings as may be deemed necessary. The Authority Chair or the Accounting Officer may ask the Committee to convene further meetings to discuss particular issues on which the Committee's advice is required.
- 4.3 A minimum of two members of the Committee will be present for the meeting to be deemed quorate.
- 4.4 The Committee Chair will conduct all meetings of the Committee except that, in their absence, another member of the Committee appointed by the Committee Chair and agreed by the Authority Chair may take the chair.
- 4.5 Participants whose attendance is required and whose attendance can only be delegated with the agreement of the Committee Chair, are:

- the Authority's Accounting Officer,
- the ONS Director of Finance, Planning and Performance
- the Head of Internal Audit (HIA), and
- the Chief of Staff.

- 4.6 Those attending by invitation include the representatives from the National Audit Office (NAO) and their audit partners, and other executives for specific items on the agenda.
- 4.7 Participants for the whole meeting will be expected to attend in person unless permission to join the meeting by video conference or telephone has been approved by the Committee Chair in advance. Others attending for particular agenda items can join by telephone or video conference if this is more convenient.
- 4.6 The Committee will usually meet in closed session before each meeting for about 30 minutes. The Committee may also ask any or all of those who normally attend but who are not members to withdraw at any time to facilitate open and frank discussion of particular matters.
- 4.7 The Committee Chair will meet before each meeting of the Committee on an individual basis with the Accounting Officer, the Director of Finance and the Head of Internal Audit. The Committee Chair will meet at least annually with the relevant Director of the NAO.

## **5. Reporting**

- 5.1 The Committee Chair or another member of the Committee as deputed by them shall report to the next meeting of the Authority Board. The Secretary to the Committee will circulate the minutes of meetings of the Committee to all members of the Authority Board.
- 5.2 At least annually the Committee Chair will send a written report to the Principal Accounting Officer, copied to the Authority Board, giving their opinion on the degree of assurance that they believe the Accounting Officer can take in the operation of the control environment within the organisation. The opinion of the Committee Chair will be informed by the work of the Committee generally and specifically by audit activity during the year. The opinion of the Committee Chair will be included by the Accounting Officer in the Governance Statement.

## **6. Rights and access**

- 6.1 The Committee may:
- i. investigate any activity within its terms of reference;
  - ii. co-opt additional members, with the approval of the Board, for a suitable period to provide specialist skills, knowledge and experience;
  - iii. procure specialist ad-hoc advice at the expense of the Authority, subject to agreed budgets;
  - iv. seek any information it requires from and meet with any employee of the Authority, including ONS (and all employees are directed to cooperate with any request made by the Committee); and
  - v. request but not require the assistance and attendance of members of the Government Statistical Service (GSS) and this may be subject to their department's approval.
- 6.2 The Head of Internal Audit and the representatives of external audit (NAO and their audit partners) will have free and confidential access at all times to the Committee Chair.

## **7. Information requirements**

- 7.1 Meetings of the Committee will be provided regularly during the assurance year with:
- i. a report summarising any significant changes to the Authority's strategic risks, and any significant changes or areas of concern at operational risk level;
  - ii. reports on the development and maintenance of assurance maps;

- iii. a report from the Head of Internal Audit which provides an update on progress against the plan for internal audit work, summarises key issues emerging from internal audit work, and highlights any changes made to the in-year plan;
- iv. management responses to audit recommendations; and
- v. a progress report from the external auditors summarising work done, findings and recommendations.

7.2 As appropriate the Committee will also be provided with:

- i. proposals for the provision of internal audit services;
- ii. a strategy and plan for the delivery of internal audit assurance work;
- iii. the Head of Internal Audit's annual opinion and report;
- iv. a charter setting out the purpose, authority and responsibility of the Authority's internal audit function;
- v. quality assurance reports on the internal audit function, particularly on work outsourced to other organisations;
- vi. management action taken in the light of the annual Corporate Governance Assurance Statements (CGAS);
- vii. the draft accounts of the organisation;
- viii. drafts of the Governance Statement;
- ix. a report on any changes to accounting policies;
- x. the external audit strategy and the NAO report to those charged with corporate governance;
- xi. assurance on cooperation between internal and external auditors;
- xii. a report from the Senior Information Risk Owner on information assurance, and on progress on achieving the levels of the Information Assurance Maturity Model (IAMM) and cyber security; and
- xiii. a report from the Departmental Fraud Officer on the risk of fraud, and the level of detected fraud and loss.

## **8. Review of effectiveness, appraisal and training**

- 8.1 In order to ensure that it continues to add value and follow best practice, the Committee will carry out a review of its effectiveness in each assurance year and will also review its terms of reference annually.
- 8.2 Appraisal of the members of the Committee by the Committee Chair will be a key feature in ensuring that the effectiveness of the Committee is maintained and improved. These appraisals may be informal and need only be documented when reappointment is being considered. The Authority Chair will appraise the Committee Chair.
- 8.3 The Secretariat will arrange for the induction and on-going training of members of the Committee in consultation with each of them.

**Agreed by the Board of the UK Statistics Authority, July 2018**

## Membership of the Audit and Risk Assurance Committee (June 2020)

<b>Current members</b>	<b>Dates</b>
Ms Nora Nanayakkara	From August 2016 (Chair from December 2017)
Ms Sian Jones	From August 2016
Dr Julia Mundy	From July 2018
Mr Tim Watkinson	From July 2018
Professor Sir David Spiegelhalter	From June 2020

<b>Previous members</b>	<b>Dates</b>
Professor Adrian Smith	From February 2008 to September 2008
Professor Stephen Nickell	From March 2009 to February 2010
Professor David Rhind (Chair)	From February 2008 to June 2012
Sir Jon Shortridge	From February 2010 to October 2012
Mr Partha Dasgupta	From February 2008 (Chair from July 2012)
Professor David Hand	From April 2013 to June 2014
Mr Alex Jablonowski	From July 2008 to June 2014
Dame Moira Gibb	From September 2014 to August 2016
Dame Colette Bowe (Chair)	From July 2014 to November 2017
Ms Alison White	From November 2012 to June 2018
Professor Sir Ian Diamond	From July 2018 to August 2019